Austria	[illegible]	Indonesia	[illegible]	Pakistan	Rs35
Bahrain	[illegible]	Israel	[illegible]	Philippines	Pes45
Belgium	[illegible]	Italy	L2000	Poland	[illegible]
Cyprus	[illegible]	Jordan	JD1.20	Portugal	[illegible]
Czech	[illegible]	Korea	Won 2000	Qatar	QR10.00
Denmark	DKr14	Kuwait	[illegible]	S.Arabia	[illegible]
Egypt	[illegible]	Lebanon	[illegible]	Singapore	[illegible]
Finland	[illegible]	Lux	LFr60	Spain	[illegible]
France	[illegible]	Malta	[illegible]	Sweden	SKr14
Germany	[illegible]	Morocco	[illegible]	Switz	[illegible]
Greece	[illegible]	Neth	[illegible]	Thailand	[illegible]
Hungary	[illegible]	Nigeria	[illegible]	Tunisia	[illegible]
Iceland	[illegible]	Norway	[illegible]	Turkey	[illegible]
India	[illegible]	Oman	OR1.20	UAE	[illegible]

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year

Thursday March 12 1992

D 8523A

EAST GERMANY

Counting the cost of shipyards sale

Page 3

World News

Clinton and Bush set sights on Midwest

US president George Bush and Governor Bill Clinton of Arkansas set their sights on the industrial Midwest after convincing victories in Tuesday's round of primary presidential nomination elections.

The president is about half way to the 1,105 delegates he needs for a first ballot Republican nomination in Houston in August. On the Democratic side, Mr Clinton took eight of 11 primaries and caucuses, but has so far only a third of the 2,145 delegates he needs for the nomination. Page 16; The man who would be king, Page 14

Nuclear optimism

The US and Russia expressed cautious optimism on agreeing further sweeping cuts in their nuclear arsenals in time for their next summit in June in Washington. Page 2

Iraq's claim rejected

The United Nations Security Council rejected Iraq's claim that it had honoured its obligations under the Gulf ceasefire terms. Page 16

No place for Honecker

Chile will not grant political asylum to deposed East German leader Erich Honecker, who took refuge in the Chilean embassy in Moscow in December, Chilean president Patricio Aylwin of Chile said. Page 2

Sikhs kill 15 managers

Sikh militants killed 15 senior managers at a textiles plant in the north Indian state of Punjab. Page 4

Call for Milosevic to go

More than 2,000 students demonstrated in central Belgrade to demand the resignation of Serbian president Slobodan Milosevic, accusing him of leading Yugoslavia into a bloody conflict. Page 2

S African voting opens

South Africans living abroad began voting in a whites-only referendum on reform while blacks raised the political temperature by calling mass marches to push for a quick end to white rule. Page 4

Kurds killed

Turkish troops killed at least 28 Kurdish separatist guerrillas near the eastern town of Genc. More than 3,300 people have been killed since 1984 when the Marxist Kurdish Workers party began its campaign for an independent Kurdish state.

Trains collide

Three people were killed and 21 injured when two passenger trains collided head-on 80 miles north of Lisbon.

Army deal in sight

The Commonwealth of Independent States' army, caught up in ethnic conflicts in the former Soviet Union, appeared to have struck a deal for the release of 10 officers held hostage by Armenian militants.

IRA bomb found

Police have found one of the biggest IRA bombs yet uncovered in the Irish Republic - 1½ tonnes of explosives hidden in a cowshed near the Ulster border.

'Peace boat' ejected

Australia welcomed the retreat of a Portuguese "peace boat" which returned to Darwin after being ordered out of Indonesian waters by a naval patrol. The 120 activists on board were protesting against Indonesia's treatment of East Timor.

Australia almost out

Australia crashed to a 48-run defeat by Pakistan in the Cricket World Cup in Perth, all but ending their hopes of retaining the trophy. Pakistan scored 220-9 (50 overs). Australia were all out for 172 (45.2).

FT No. 31,707

Business Summary

Japan unveils $10bn record monthly trade surplus

JAPAN is likely to face more friction over trade after reporting a record monthly trade surplus in February of $10.2bn – double 1991's figure.

Exports rose 12.4 per cent to $28.1bn while imports were 10.3 per cent lower at $17.9bn. Slower domestic demand has prompted Japanese companies to increase exports. Page 4

BCCI: A British parliamentary committee criticised the Bank of England's supervision of the Bank of Credit and Commerce International, implying it should have shut BCCI sooner. Page 16

BTR, UK industrial conglomerate, reported a 3 per cent drop in annual taxable profits to £917m and has begun cutting the workforce at Hawker Siddeley, the engineering group it took over last November. Page 17; Details, Page 24; Lex, Page 16

BAYER announced better 1991 results than fellow German chemicals companies BASF or Hoechst and said it would maintain its dividend. Taxable profits fell 4.8 per cent to DM3.2bn ($1.95bn). Page 17

STANDARD Chartered, UK-based international bank, boosted pre-tax profits by 37 per cent to £205m ($361m), bucking the trend of most UK banks. Page 18; Lex, Page 16

DEUTSCHE BABCOCK, beleaguered German plant and engineering group, is to float three subsidiaries in Germany in a bid to retain its independence. Profits forecasts for the current year were downgraded. Page 17

COFFEE markets rose sharply worldwide after Brazil's coffee exporters unexpectedly dropped their opposition to export quotas. In London, May robusta closed $26 up on the day at $858. Page 26

OLYMPIA & YORK, Canadian property group developing London's Canary Wharf, has acted to quell concern about its finances. Page 20

JAPANESE OIL: Kyodo Oil agreed to merge with Nippon Mining. The two have combined oil sales of Y2,184.8bn ($17.3bn) and the deal will create Japan's second biggest integrated oil company. Page 17

HILLSDOWN Holdings, UK food processing group, saw a 2.3 per cent fall in annual taxable profits to £186.8m ($329m) after profits from its poultry division halved. Page 23; Lex, Page 16

FRANCE TELECOM and Deutsche Telekom, French and German telecoms operators, agreed in principle on a joint venture to provide worldwide services for international companies. The partnership will be called Eunetcom. Page 16

AGA, Swedish industrial gas group, reported unchanged profits of SKr1.43bn ($242.5m) for 1991 after financial items.

ALLIANCE & LEICESTER, Britain's third biggest building society, halved annual pre-tax profits to £99.5m after sustaining heavy losses on commercial property. Page 18

NUCLEAR ELECTRIC, UK state-owned operator of English and Welsh nuclear power stations, is offer cut-price electricity to industrial consumers who sign 12-month contracts before Monday.

LORD BOARDMAN: A report on the Blue Arrow Affair (FT March 10) stated that Lord Boardman had resigned as chairman of National Westminster Bank after publication of the DTI's report in July 1989. We wish to make it clear that there was no criticism of Lord Boardman in the DTI report or elsewhere and that he resigned because he felt he should accept responsibility for any failings that may have occurred in the bank's operations.

Conservatives and Labour confident as closest campaign since 1974 begins

Major calls UK election for April 9

By Philip Stephens, *Political Editor, in London*

MR JOHN MAJOR, the UK prime minister, set the stage yesterday for the country's most open general election for a generation after asking Queen Elizabeth II to dissolve parliament for an April 9 poll.

Mr Major's confident prediction of a Conservative victory was followed by an equally upbeat forecast from Mr Neil Kinnock, the opposition leader, that his Labour party was set to return to power after 13 years in the wilderness. The two main parties were joined by the Liberal Democrats in promising the most elaborate and expensive campaign ever seen in British politics.

Speaking on the steps of 10 Downing Street, Mr Major said that a "spectacular" budget earlier this week had put in place the final plank in his election platform.

The choice at the general election would be between a Conservative party committed to low taxation, individual choice and greater independence and an opposition tied to higher taxes for rich and poor and more trade union power. "That is a very clear decision indeed for the public to make and I shall be inviting them to make it on April 9", he added.

Mr Kinnock said his party would "make history" by securing the biggest swing against an incumbent government since Mr Clement Attlee's defeat of Mr Winston Churchill in 1945. He needs an 8 per cent swing to overturn the 102-seat majority which Mrs Margaret Thatcher won for the Conservatives in June 1987.

He said 13 years of Conservative government had left Britain deep in recession and debt. He added: "We have the policies, we have the team and we have our offer to the British people of government by partnership in building together the best for the people, the families, the businesses and industries of our nation".

- Kinnock rallies Labour
- Constitutional reform call Page 8
- Editorial Comment Page 14
- Banking on mistrust Page 15
- Lex Page 16

For the centrist Liberal Democrats, Mr Paddy Ashdown set economic recovery and constitutional reform at the heart of his programme. He warned of a "crisis of legitimacy" if either of the main parties tried to form a minority government in the event of a hung parliament.

In private, senior figures on all sides acknowledged that this would be the first time since 1974 that the outcome of the election would be decided only during the four weeks of the official campaign.

Mr Major is first UK prime minister in the post-war period who has voluntarily called at election while his party is behind in the opinion polls. The Financial Times's weighted average of the latest six polls gives Labour a slight lead, but points to a hung parliament, with the Conservatives holding fractionally more seats than Labour.

Senior ministers drew comfort from a Gallup poll conducted for today's Daily Telegraph which suggested that more than two-thirds of voters backed the tax cuts in the Budget. It was less clear from the survey, however, that the package would boost Conservative support on April 9.

Ministers said the tax debate and Mr Major's personal popularity would be at the centre of the government's election campaign. They would be accompanied next week by an "imaginative" election manifesto promising personal choice, ownership and opportunity.

Mr Major will flesh out those themes when he formally launches the Conservative campaign at conference of party activists on Saturday.

Mr Kinnock will pre-empt him with a speech tomorrow. Yesterday he drew comfort from the markets' lukewarm response to the budget, as Mr John Smith, shadow chancellor, underlined Labour's opposition to any tax reductions paid for by borrowing.

That difference will be highlighted again tomorrow when the government presents the finance bill to implement the budget. Mr Norman Lamont, chancellor of the exchequer, is said to be determined that the main measures should be enacted into law.

Mr Smith, however, voiced confidence that he could counter the tax cuts with a more electorally attractive package when he presents a shadow budget next Tuesday. He said Labour would put the economic recession and the state of public services like health and education at the centre of its campaign.

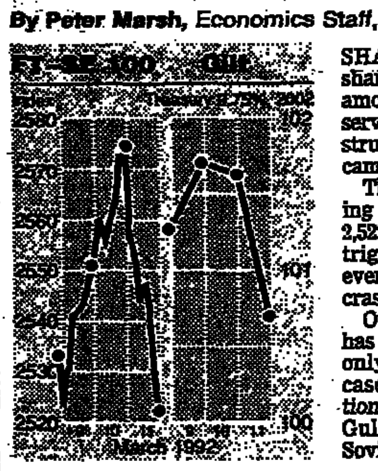
The government was last night negotiating with opposition parties on which legislation it might get through before parliament is dissolved. One possible casualty is a bill designed to tighten immigration controls.

Ashley Ashwood and Tony Andrews

Prime minister John Major (left) announces the date of the general election yesterday; opposition leader Neil Kinnock (right) promised the result would "make history"

London share prices fall sharply on poll jitters

By Peter Marsh, *Economics Staff, in London*



SHARES in London fell sharply yesterday on concern among investors that the Conservative party faces a tough struggle in the general election campaign.

The FT-SE 100 index of leading shares lost 52.4, closing at 2,522.4, the biggest one-day fall triggered purely by domestic events since the stock market crash in November 1987.

Over this period, the index has shown a larger drop on only two occasions, in each case sparked by an international crisis in the shape of the Gulf war and last summer's Soviet coup.

Behind the jitters was the reckoning by the Tories' natural allies in the City of London that Tuesday's Budget by Mr Norman Lamont had failed to deliver a vote-winning package for the party.

There was disappointment that Mr Lamont had been constrained by a weak economy and rapidly rising public sector borrowing requirement (PSBR) from announcing the across-the-board cut in income tax that many had expected.

Many investors also took the view that reduced possibilities of an interest rate cut in the next month will hold back any upturn. The lingering effects of the 18-month recession may, on this analysis, tilt the balance of votes towards the opposition Labour party.

Mr Peter Spencer, UK economist at Shearson Lehman Brothers, a US investment house, said: "A lot of people are worried that Mr Lamont failed to deal an ace. Instead we've got a high PSBR, and not much to show for it."

Share prices, which on Tuesday night had stayed firm after an initially optimistic reading of the Budget by the City, took their cue from a continuing slide in prices of government gilt-edged securities, which dropped half a point.

Gilt prices fell on Tuesday, immediately after Mr Lamont announced a large increase in the PSBR, which will require the government to issue large volumes of bonds over the next two years and push up yields.

One source of comfort yesterday for the government was a firm showing of sterling against the D-Mark. The pound gained a quarter of a pfennig to close in London at DM2.87, quelling speculation that the fall in share prices could prompt large numbers of international investors to switch funds out of sterling.

Nonetheless, the recent weakness in the pound, which is trading well below its central rate in the European exchange rate mechanism of DM2.95, diminished expectations on the London money market about an early cut in borrowing costs.

Reflecting this, the three-month interbank rate, which shadows base rates, closed ⅛ percentage point firmer at about 10⅝ per cent.

London stocks, Page 27
Currencies, Page 34
Government bonds, Page 21

Japanese securities group chief quits after Y72bn loss

By Stefan Wagstyl and Emiko Terazono in Tokyo

THE PRESIDENT of Daiwa Securities resigned yesterday after Japan's second largest securities company reported an extraordinary loss of Y72bn ($554m).

It is the latest twist of a widening scandal over the manipulation by brokers of clients' investment accounts.

Mr Masahiro Dozen accepted responsibility for Daiwa's Y72bn loss in settlement of disputes with five clients. Daiwa estimated that, as a result, it would suffer a net loss of Y43bn in the year to March 31.

The revelations follow similar disclosures by other brokers. They could further erode investors' faith in the Japanese stock market, which was last year hit by scandals involving brokers' links with gangsters and the payment of compensation to favoured clients.

The Nikkei index yesterday fell by 262 points to 20,592, its lowest level since October 1990.

Daiwa's loss is the largest so far to arise from a practice known as *tobashi* in which brokers manipulated clients' accounts in order to help them dress up their accounts. Other cases are expected to emerge in the next few months as many companies close their books at the end of March.

In the past, brokers transferred losses from one client to another, with little trouble. By using clients with different book-closing dates, brokers could keep the network going for a long time in the hope that a stock price recovery would eventually eliminate losses on the offending portfolio.

Although such window-dressing is discouraged by the Finance Ministry, brokers were under great pressure from clients.

In some cases, brokers had given their clients illegal guarantees that their investments would not suffer losses. So transfers were carried out to save the broker as well as the client from disclosing losses.

However, the revision of the Securities and Exchange Law, which followed last year's scandals, outlawed the practice of brokers' guaranteeing to buy back stock at a preset price.

Without a guarantee, investors are refusing to accept loss-making portfolios on to their books. So brokers cannot find new homes for *tobashi* portfolios. But clients left holding stock they accepted under *tobashi* agreements are demanding the brokers take the stock off their hands. And they are taking brokers to court if they refuse.

Most of Daiwa's loss is accounted for by a Y49.5bn loss arising from a dispute with Tokyu Department Store, a leading retail group.

Tokyu took Daiwa to court claiming it had lost Y60.5bn. The court ruled that Y11bn of the loss was Tokyu's responsibility.

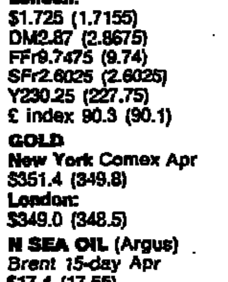
Daiwa lost Y3.5bn in the settlement of a separate dispute with Tokyu Land, a member of

Continued on Page 16

Background, Page 17
Editorial Comment, Page 14

CONTENTS

Drexel controversy left untried as saga concludes



A "global" settlement of hundreds of suits resulting from the demise of Drexel Burnham Lambert allows former head of the bank's junk bond department Michael Milken to remain *extremely rich*.

Page 6

MARKETS

STERLING
New York lunchtime:
$1.7275
London:
$1.725 (1.7155)
DM2.87 (2.8675)
FFr9.7475 (9.74)
SFr2.6025 (2.6025)
Y230.25 (227.75)
£ index 90.3 (90.1)

GOLD
New York Comex Apr
$351.4 (349.8)
London:
$349.0 (348.5)

N SEA OIL (Argus)
Brent 15-day Apr
$17.4 (17.55)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.6615
FFr5.64
SFr1.5065
Y133.65
London:
DM1.664 (1.672)
FFr5.65 (5.6775)
SFr1.509 (1.5175)
Y133.55 (132.8)
$ index 65.3 (same)
Tokyo close: Y133.7

US LUNCHTIME RATES
Fed Funds: $3\frac{13}{16}$%
3-mo Treasury Bills:
4.087%
Long Bond:
$100\frac{11}{16}$
yield: 7.93%

STOCK INDICES
FT-SE 100: Yield 4.89
2,522.4 (−52.4)
FT-A All-Share:
1,213.87 (−1.8%)
FT-SE Eurotrack 100:
1,161.88 (−7.34)
New York lunchtime:
DJ Ind. Av.
3,208.86 (−22.14)
S&P Comp
403.62 (−3.27)
Tokyo: Nikkei
20,592.14 (−282.45)

LONDON MONEY
3-month interbank:
$10\frac{5}{8}$% ($10\frac{7}{16}$%)
Liffe long gilt future:
Jun $99\frac{7}{16}$ (Jun $98\frac{1}{4}$)

West takes steps to plug Soviet brain drain

By William Dawkins in Paris and David Buchan in Brussels

LEADING industrialised nations yesterday agreed to boost scientific co-operation with central and eastern European countries to reduce the risk of top civil scientists leaving eastern Europe for better conditions in the west.

The accord, reached at a meeting in Paris of the 24 technology ministers of the Organisation of Economic Co-operation and Development (OECD), was welcomed by Mr Boris Saltykov, the Russian minister for science and technology.

At the same time, a conference in Brussels agreed to launch a centre for former Soviet nuclear experts, with pledges of money from the US, the EC, Japan and Canada, and with an offer of facilities from Russia.

Mr Saltykov, the first Russian minister to attend an OECD meeting at this level, said yesterday it was impossible to measure the full extent of the brain drain but that 600 members of the Soviet Academy of Sciences alone had already signed contracts with mainly US research institutions.

The OECD agreed to encourage more joint projects between western and eastern European researchers and to promote research opportunities in the east.

Dr Allan Bromley, science assistant to the US president said strong science and technology enterprises would contribute to economic and political stability.

Mr Saltykov argued that the possible brain drain of nuclear military scientists was "not a big deal" compared with the potential loss of civilian skills. One Russian civilian project in urgent need of investment was an 80 per cent completed particle accelerator near Moscow, which could in return be made available to foreign researchers, he said.

OECD members also agreed on the need for a fund to back up the centre for former Soviet nuclear experts.

The Brussels conference yesterday was attended by ministers from the US, Canada Japan, the EC and some other members of the Commonwealth of Independent States (CIS). It was called to discuss the centre's organisation. A joint team is to visit Russia later this month, with a view to opening the centre, near Moscow, by early summer.

Mr James Baker, the US secretary of state, stressed the need for speed. Listening to scientists at the Chelyabinsk-70 nuclear weapons laboratory in the Urals last month, he said he had "heard concern that economic and political conditions [in Russia] could deteriorate to the point where even highly patriotic and responsible specialists might be tempted to market their skills to unscrupulous regimes".

By plugging a possible leak of nuclear weapons technology through promotion of civil nuclear co-operation, a potential brain drain could be converted into a "brain gain", Mr Baker said.

The idea of the centre was first mooted by Germany in January, and the EC yesterday confirmed it will match the US contribution of $25m (£14.2m). Mr Koichiro Matsura, deputy Japanese foreign minister, said his country would make "substantial contributions" and urged all CIS states to sign the non-proliferation treaty.

In addition, the EC plans to hire Russian nuclear experts to improve safety in Russian-designed power reactors in eastern Europe, Mr Frans Andriessen, the EC external affairs commissioner, said yesterday.

Thousands of students yesterday gathered in Belgrade for a second time this week to demand the removal of President Slobodan Milosevic of Serbia. The students rallied to mark the anniversary of anti-government demonstrations last year, writes Laura Silber in Belgrade. They demanded fresh elections and an end to socialist control of the media. Serbia yesterday gave no offical reaction after Mr James Baker, the US secretary of state, appeared to herald recognition of four Yugoslav republics as independent states. Mr Baker said the US would consult the European Community on the question of recognition.

Moscow's debt row nears a solution

RUSSIA and Ukraine yesterday appeared close to a compromise on repaying the former Soviet Union's foreign debt of more than $60bn after talks between leaders of the two republics, Leyla Boulton reports from Moscow.

Mr Vitold Fokin, the Ukrainian prime minister, and Mr Gennady Burbulis, Russia's first deputy premier, met yesterday before talks today between representatives from all 15 former Soviet republics. A deal could be agreed at a meeting of heads of government scheduled for tomorrow if a compromise between the two richest republics is acceptable.

Under the possible compromise, Ukraine would subscribe to "joint and several" responsibility for the debt on condition the Vnesheconombank, the foreign trade bank, is removed from Russian jurisdiction to become more of a shared institution. Ukraine, which has been refusing to accept joint responsibility for the debt, also wants Moscow to provide information on debt repayments and foreign currency flows in and out of Vnesheconombank.

Brussels points to benefits of regional aid

Out of every Ecu100 (£71) worth of EC economic aid going to poorer Community states, some Ecu20-45 returns to richer donor states in the form of contracts for their industry, an EC commissioner said yesterday. David Buchan reports from Brussels.

Mr Henning Christophersen, who is responsible for co-ordination of EC structural funds, was presenting a review of the Community's internal economic aid programme for 1989-93. He said the Ecu60bn which the EC's regional, social and agricultural funds will have spent over that period would create 500,000 jobs, chiefly in Spain, Portugal, Ireland and Greece.

Many northern member states are baulking at the Commission's proposal that structural aid to poorer EC regions be raised, from Ecu18.5bn this year to Ecu29.3bn by 1997.

Irish ask EC protocol change over abortion

The Irish government is asking its EC partners to approve an amendment to a protocol to the Maastricht Treaty, which would guarantee the right of unrestricted travel of Irish women abroad who wish to have an abortion, Tim Coone reports from Dublin.

Mr David Andrews, the Irish foreign minister, said after talks in Brussels "there had been "a positive response to our situation". The proposal will be presented to the next EC foreign ministers' meeting on April 6.

The recent Supreme Court ruling on a case involving a 14 year-old rape victim established the right of a pregnant woman who was threatening suicide to seek an abortion abroad, but does not confer that right on pregnant women who do not face an imminent threat to their lives.

Italians probe BNL break-in

Italian police were last night investigating a break-in at the offices of the Senate Commission looking into the affair of Italy's Banco Nazionale di Lavoro (BNL) and unauthorised loans made by its Atlanta US branch to Iraq, writes Robert Graham, in Rome.

Mr Massimo Riva, the independent left parliamentarian who is vice-president of the Commission, said intruders spent several hours examining a mass of sensitive documents.

Hopes high for big nuclear arms cuts

By Robert Mauthner in Brussels

THE US and Russia yesterday expressed cautious optimism that they could reach agreement on further sweeping cuts in their nuclear arsenals in time for their next summit in June in Washington.

After nearly five hours of talks on US-Russian bilateral problems with Mr Andrei Kozyrev, the Russian foreign minister, Mr James Baker, the US secretary of state, said they had not been able to reach a "definitive agreement" on arms control.

However, he hoped progress could be made at further meetings before the summit. It was important that the new era of partnership and co-operation between the US and Russia should be reflected in "further significant movement" in the reduction of nuclear weapons.

Hopes of progress in the new negotiations, launched by Mr Baker and Mr Kozyrev in Moscow three weeks ago, were raised by the Russian minister's statement on Tuesday that Moscow was ready to move towards the US position.

Mr Kozyrev publicly indicated for the first time that Russia was prepared to negotiate a ban on land-based multiple independently-targeted warhead missiles (MIRVs), of which Russia has a far greater number than the US.

But Mr Baker yesterday stressed that, while both sides wanted to move beyond the reductions already agreed on in last year's Strategic Arms Reduction Treaty (Start), differences still remained over the timetable of the new cuts and the weapons to be covered.

One of the main areas of disagreement is the number of warheads on submarine-launched missiles which the US would be allowed to retain. The US strategic arsenal concentrates on submarine-based missiles, while Russia relies on land-based ones.

In January, President George Bush proposed the elimination of all land-based multiple warhead missiles. But his plan to reduce the overall ceiling for US warheads to 4,700 would still allow Washington to keep 2,300 warheads on submarine-based missiles.

Russian President Boris Yeltsin subsequently suggested the number of warheads of each side be reduced to 2,500, which would entail a substantial reduction of Washington's submarine-launched missiles. Under Start the US has been allowed to keep 9,000 warheads and Russia 7,000.

● Iran, vying with Turkey for influence in the former Soviet Moslem republics, yesterday suggested a multinational observer force to monitor a truce between Azerbaijan and Armenia. Mr Ali Akbar Velayati, the foreign minister, who is trying to broker a ceasefire in the conflict over Nagorno-Karabakh, said Azerbaijan had agreed to the idea.

Ukraine sets out to woo foreign investors

By Chrystia Freeland in Kiev

THE UKRAINIAN parliament yesterday passed a law offering foreign investors extensive tax breaks and the right to repatriate profits in hard currency.

"If you look carefully, this is a revolution," said one of the bill's architects, Mr Oleksy Duntau, chairman of the parliamentary sub-committee on foreign economic relations. "Our country is open to foreign investment."

Foreign investments, defined as ventures with a foreign stake of at least 20 per cent or with a foreign capital contribution of at least $100,000, are granted a five-year tax holiday and thereafter pay only 50 per cent of local taxes.

The law should serve as a tool for cutting through red tape which western businessmen say is the biggest obstacle to investment in Ukraine. The Ministry of Finance is obliged to register foreign businesses within three days of making an application and the law requires government to swiftly recompense foreign investors for any losses due to governmental "activity or inactivity."

Nationalisation of foreign enterprises is forbidden and existing foreign ventures are protected for 10 years from any changes to the legislation.

Foreigners are permitted full ownership of enterprises except as yet undefined strategic sectors. They may also use locally earned currency to bid for property when it is privatised later this year.

Profits may be fully repatriated, but are subject to a 15 per cent tax. Goods imported for the use of foreign enterprises or their personnel are exempt from customs and tariffs and the products of foreign enterprises may be exported without export licences or duties.

Shevardnadze starts old job a new man

By Leyla Boulton in Moscow

PURSUING one of the most extraordinary career paths in the former Soviet Union, Mr Eduard Shevardnadze, former communist party boss of Georgia, has settled into his old office in Tbilisi as the unelected leader of the post-Communist republic.

On the surface, Mr Shevardnadze's abrupt return to power may lend credence to the claims by Mr Zviad Gamsakhurdia, the ex-Georgian president, that his removal in January was masterminded by the former Soviet foreign minister.

But more likely, Mr Shevardnadze's nomination as chairman of a newly created state council to run the country until elections in June, is a sign of the desperation gripping a nation reduced to civil strife, poverty, and international isolation.

Shevardnadze: back on top

Mr Georgy Volsky, deputy chief of the Georgian mission in Moscow, said the Military Council which has disbanded to make way for the State Council, had consulted various parties and public opinion before picking Mr Shevardnadze.

He also claimed that the latest opinion polls showed 70 per cent support for the charismatic 64-year-old leader, up from 30 per cent before his return.

Mr Volsky said the council included 35 members plucked from various political groups, as well as Georgia's national minorities, including the South Ossetians who had been under siege by Mr Gamsakhurdia's nationalist guerrillas.

As Mr Gamsakhurdia yesterday desperately tried to convene some kind of rump parliament in the city of Grozny, capital of Russia's rebellious autonomous republic of Chechnya, Mr Shevardnadze was getting to grips with his new job in the offices from which he ruled Georgia until 1986.

In a front page article headlined "Shevardnadze's last mountain-top", Izvestia newspaper summed up what is expected of him: "Under Shevardnadze, Georgia will quickly receive international recognition . . . economic contracts and credit, acceptance by the Commonwealth of Independent States...UN membership. Under Shevardnadze, it goes without saying that there will be no restrictions on the press, on creativity, political activity, entry and exit (from the republic) and all other freedoms."

If anybody can achieve all that, it is Mr Shevardnadze, who enjoys unrivalled prestige abroad, possesses unquestioned political skills, and has recouped his past as a Communist party faithful with his outspoken support for fledgling democracy in the former Soviet Union.

Two years ago, when Mr Gamsakhurdia was running for office on a ticket promising total independence from Moscow, Mr Shevardnadze was best remembered in Georgia as a satrap of Moscow's Communist power. He was personally responsible for jailing Mr Gamsakhurdia for dissident activities, before leaving his native Georgia to become President Mikhail Gorbachev's foreign minister.

Instead of total independence, Mr Gamsakhurdia's rule brought authoritarian rule, ended only after weeks of fighting ruined the historic heart of the Georgian capital. And although it was one of the first former Soviet republics to try to restore independence lost in the early years of Communist rule, Georgia today is the only former Soviet republic not to have a seat at the United Nations.

"Now people believe that Shevardnadze is the man who will save Georgia. History will show which of them will have been able to do what for the people." said Mr Volsky.

EUROPEAN WATER CONFERENCE

East Europeans warned of privatisation dangers

By Richard Evans

THE development of privately financed and managed water industries throughout central and eastern Europe could be jeopardised by "dubious" contracts offered by western companies, a London conference was warned yesterday.

International bankers told a Financial Times conference on the European water industry there was a chronic need for western involvement in the region to bring derelict industries up to standard.

But such involvement could bring problems. Mr Anthony Pellegrini of the World Bank said: "Local governments in eastern Europe have little experience in dealing with sophisticated western companies....they are not familiar with typical lengths of concessions or management contracts, with tariff adjustment clauses and most importantly, they are not familiar with competitive bid methods.

"As a result, some contracts are being offered with dubious terms. If this continues, it may in the end jeopardise the development of the private water sector in central and eastern Europe. Unless proper standards for contracts are implemented, a backlash against the private sector may develop that... could harm both the private companies and the best interests of the local governments."

Mr Pellegrini, chief of the World Bank's infrastructure division in Europe, the Middle east and north Africa, said private western funding offered the potential for more innovative and efficient management, maintenance and operation, but he advised local governments to seek independent advice before signing anything.

The scale and range of the work that needed to be done was considerable, he said. The central planning system had left the water and sewerage utilities with insufficient operating budgets, lack of management expertise, lack of chemicals and supplies, and plant and equipment that was often only partially functioning due to lack of maintenance.

The former eastern bloc countries are now considering new forms of ownership and management and are tending towards the French system, where assets are retained in the public sector and the operations run by the private sector, rather than the complete privatisation undertaken in England and Wales.

Mr Francis Carpenter of the European Investment Bank, owned and financed by EC member states, said bringing the east European water industry up to scratch would be a major task, and a necessary one, because several of the main river basins were shared with western Europe.

Chile denies political asylum to Honecker

CHILE will not grant political asylum to Mr Erich Honecker, the deposed East German leader who took refuge in the Chilean embassy in Moscow in December, President Patricio Aylwin of Chile said yesterday, write Leslie Crawford in Santiago and John Lloyd in Moscow.

Chilean officials would negotiate Mr Honecker's situation with German and Russian officials in Moscow, Mr Aylwin said. Mr Clodomiro Almeyda, Chile's ambassador to Moscow and an old friend of Mr Honecker's, was recalled to Santiago over the weekend. The case has been effectively removed from his hands.

Mr Aylwin said it was not his government's intention to shield Mr Honecker from German justice.

Mr Honecker is to be allowed to leave the embassy to be treated in a Moscow hospital, according to German diplomats in Moscow.

Mr Honecker, who is 79, has been in the embassy for two-and-a-half months following a demand from the German government that he be sent back to face charges of ordering the shooting of East Germans fleeing to the west. His wife, Margot, says Mr Honecker has cancer and kidney problems.

Italy's 'red belt' is barometer for PCI's successor

Election will test whether Bologna's 'cultured, fat and rich' citizens are none the less still red, writes Robert Graham

CULTURED, fat and rich are the epithets Italians like to apply to the citizens of Bologna. And with good reason.

Bologna was Italy's and Europe's first university town. Still today one in five of the 405,000 inhabitants is a student.

Eat in any one of the city's restaurants or wander through the food shops stacked with hams, pasta and cheeses and it is easy to see why Bologna claims to be the nation's gastronomic capital and its citizens look so well fed. The wealth, meanwhile, comes from the rich farmland of surrounding Emiglia Romagna and the dynamic small specialised industries that have grown up in the postwar period.

This intellectual environment, combined with farmers turned agro-industrialists and peasants transformed into skilled industrial workers, has also created a unique political culture. Bologna and Emiglia Romagna have been the heart of Italy's "red belt" – the central part of the country which has been solidly communist since 1945. The city itself has been the good government showcase of the Italian Communist Party (PCI).

"We have only had four mayors since 1945, all communist," says Mr Renzo Imbeni, the current mayor who has held office since 1983 and joined the party aged 20 in 1964. No other large city has enjoyed such continuity in its administration or seen ideology march hand in glove with solid pragmatism during a time when Italy has lived through 50 governments.

Since the burial of the PCI last year and its rebirth as the Party of the Democratic Left (PDS) in February 1991, the politics of Bologna and Emiglia Romagna now provides the benchmark for support for the new party.

If the PDS fails to attract the former communist vote here in the general elections on April 5, its credibility as a party refashioning the left in Italy will be damaged. In the 1987 general elections the communists polled 42 per cent of the vote in Bologna (47 per cent in Emiglia Romagna) compared with a national average of 26 per cent. The governing Christian Democrats won 21 per cent in Bologna with a national average of 34 per cent.

"We may get some nasty surprises in the general elections; but I think the old communist vote will generally hold," says Mr Antonio La Foggia, secretary of the PDS in Bologna. Old loyalties, he believes, will be transferred to the PDS on the basis of sentiment and the communists' record in Bologna of coping well with the kind of issues which have alienated voters elsewhere. These include municipal corruption, the failure of inner-city transport, poor education and collapsing health services.

But Mr La Foggia is aware of the forces likely to erode the PDS vote nationwide which could reduce its chances of inheriting the PCI's long-held position as the second-largest political grouping in Italy after the Christian Democrats. He concedes some votes in Bologna will be lost to the populous Lombard League of Mr Umberto Bossi.

"They are the only new phenomenon in the elections and some of the things they are saying, like the rich north should not go on supporting the south, have an echo here."

He reckons a sixth of the former communist vote could go to the hard-line rump of the old PCI which has broken ranks with the PDS and formed Reconstructed Communism (RC).

"The ones who have gone to RC are mainly the older generation who found it just too hard to give up their ideals." Among the professional classes some votes could also be lost to the small Republican Party of Mr Georgio La Malfa.

The PDS in Bologna has 77,000 members signed up for three years, against the 89,000 of the PCI in 1990. The PDS has acquired all the old PCI structures in Bologna, including its headquarters, a magnificent 17th century fresco palace in the heart bought after the war with subscriptions from party militants. Staff have been cut but there are still 40 full time.

"If you want a business analogy," says the mayor, "I think most former communists have switched to the PDS because they did not wish to waste the return of their investment."

For such members the collapse of communism and the long internal debate through two congresses over two years on the fate of the PCI has been traumatic. "Politically it was easy for me when the PDS was born on February 3 last year: sentimentally it was very hard," says Mr La Foggia, who joined the party aged 18 in 1962.

"I wanted the party to be called simply the Democratic Party in the style of the US Democrats – that is the direction in which I think we should move."

The Bologna communists were among the first to denounce the 1968 Soviet invasion of Czechoslovakia and long kept their distance from Moscow. The communist municipal administration demonstrated its independence by calling itself the Two Towers Group (after the two medieval towers in the city centre) and currently runs the council in coalition with the Socialists and the Social Democrats.

In essence the PDS in Bologna is no real break with the past, representing in the last resort honest government with a social conscience. For instance, to meet increasing costs and total financial dependence upon central government, Mr Imbeni has begun to hive off non-essential activities to joint ventures with private business.

According to members of the business community, such as Mr Giansandrea Rocco di Torrepadula, head of the Bologna Industrialists Association, the Bologna "model" has been over-glorified.

"The communists have kept the city tightly controlled, even isolated.... The fact that the city works owes as much to the Bolognese themselves."

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Germans expect 2.5% inflation by end of year

By Christopher Parkes in Bonn

WEST GERMAN inflation will be down to 2.5 per cent by the end of this year, but an upturn in economic growth is not now expected before next year, according to a report published today by Kiel University's IfW world economic institute.

Even then, gross national product in western Germany will grow by only 2 per cent and unemployment is expected to peak at 2m in the middle of 1993. Inflation is likely to be held at around 2.5 per cent.

While the inflation forecasts will reinforce expectations that the Bundesbank will reduce interest rates later this year, giving other central banks more room for manoeuvre, the institute's prognosis for short-term economic developments in Germany will add to the mounting gloom.

Real growth this year will be only about 1 per cent, it says. Most recent forecasts from government and other economists, which have steadily downgraded expectations over the past few months, suggest 1.5 per cent. They have also predicted an export-led upturn, starting in the second half.

While interest rates are still likely to fall, there will be little other relief from the Bundesbank in the short term. Mr Helmut Schlesinger, president of the Bundesbank, made plain in Bonn yesterday that he had no intention of easing rigorous monetary controls.

He demanded an immediate clamp on credit expansion, and insisted that, from now on "everything" must be financed out of the DM260bn (£90.2bn) of savings within the overall economy.

"It would be wholly counter-productive to turn on the money taps and arouse expectations that with interest rate reductions everything will become easier," he told a bankers' meeting. Mr Schlesinger added that too much bank lending to the private sector was largely responsible for the recent surge in money supply.

The IfW report says the German economy has been stagnating since the end of the first quarter of last year. This year's expected minimal growth is mainly attributable to the calendar – there will be 1.4 per cent more working days than in 1991, thanks to the leap year and the fact several national holidays fall on weekends. Some impetus will also be given by the ending on June 30 of a special 7.5 per cent income tax levy and the consequent increase in purchasing power.

East Germany, by contrast, is showing strong signs of climbing out of the economic trough. The 10 per cent real growth in GNP expected this year and next will boost overall German growth to 1.5 per cent in 1992 and 2.5 per cent in 1993.

Far-right challenge for Kohl

By Quentin Peel in Stuttgart

CHANCELLOR Helmut Kohl's ruling Christian Democrats (CDU) are in danger of losing their absolute majority in Baden-Württemberg, Germany's richest federal state, and of allowing right-wing extremists to gain a foothold in the state parliament.

The latest opinion poll, published less than four weeks before the state election, shows support for the CDU, which has ruled Baden-Württemberg unchallenged since 1972, slipping to 44 per cent. At the same time, the extreme right Republican Party is backed by 4.9 per cent, only a fraction short of the 5 per cent mark needed to gain seats in the regional parliament.

Total support for the extreme right stands at 8 per cent, including the National Democrats (NPD) and the German League, according to the poll carried out by the respected Allensbach Institute for the Frankfurter Allgemeine and SAT-1 TV.

The figures suggest a continuing drift by voters away from the mainstream parties – the CDU, Social Democrats (SPD) and Free Democrats (FDP), and towards protest movements like the Greens and the far right. Although the move is marginal, it is enough to worry the main parties.

All the party leaders in Baden-Württemberg fear a low turn-out on April 5, giving the extremists an extra chance to gain the crucial 5 per cent.

The same poll shows the SPD holding on to its own absolute majority in the northern state of Schleswig-Holstein, against the trend of weakening national support, largely thanks to the personal popularity of Mr Björn Engholm, the state and national party leader. The poll figures show why Mr Kohl and his CDU colleagues have raised the issue of controlling the influx of asylum-seekers as their main campaign theme, mainly to prevent erosion of their vote to the far right.

Baden-Württemberg, home to such German industrial giants as Daimler-Benz and Robert Bosch, is the last state in west Germany still ruled by the CDU and Mr Kohl is desperately anxious to retain control. His party is still tainted by the resignation of the former prime minister, Mr Lothar Späth, just one year ago – although not so much because of the hint of corruption for which he was forced to resign, but rather because he remains more popular than his successor, Mr Erwin Teufel.

Mr Kohl is throwing his own considerable political weight into the campaign in support of Mr Teufel, so his own reputation is riding on the outcome.

Chancellor Kohl and Foreign Minister Genscher share a joke before a cabinet meeting yesterday

IG Metall prompts employer reaction

Unions urged to moderate claims

By Andrew Fisher in Frankfurt

GERMAN industry yesterday turned up the heat in this year's wage debate, with the engineering and automobile sectors both calling strongly for unions to show moderation.

The main blast came from the VDMA, the mechanical engineering association, which painted a bleak picture of falling orders, job losses and high short-time working, greater competition from imports, and low profits.

Mr Berthold Leibinger, the VDMA's president, said: "In view of the present situation in the German mechanical engineering sector, a wage settlement like that recently agreed by the steel industry would be wholly unacceptable."

"It would lead to an extra cost burden of around DM5bn (£1.7bn). That would be more than half of the latest pre-tax profits of DM8bn." The industry's total profit after tax was DM4bn, a return of less than 2 per cent on its turnover last year of DM225bn. This compared with more than 4 per cent in the 1960s and nearly 3 per cent in the mid-1980s.

Mr Leibinger said the causes of the lower returns were high German costs, the strength of the D-Mark, and the weaker world economy which led to unused capacity. "The profits explosion which the unions talk of has not occurred in German mechanical engineering."

The IG Metall union has recommended regional negotiators to claim up to 9.5 per cent. The steel industry settlement was 6.4 per cent, comprising a one-off payment and 5.9 per cent on the basic wage.

Mr Achim Diekmann, managing director of the motor industry association (VDA) said: "There must be much more moderation than last year." Last year's wage rises in the engineering sector, including automobiles, amounted to 6.7 per cent.

The VDA has forecast automobile job losses as a result of high costs and stronger competition. In mechanical engineering, employment fell by around 20,000 people last year to 1.1m.

Mr Leibinger expected, however, that engineering business would improve from the middle of this year based on indications from European markets. Thus production, 0.6 per cent lower in 1991, should ease by 2 or 3 per cent in the first half and then improve to leave the industry flat or marginally lower on the year.

Baltic shipyards count cost of Treuhand deal

Leslie Colitt reports on the economic and political aspects of the rescue of an ailing industry

EAST Germany's crisis-racked shipbuilding industry was granted a new lease of life this week but on a greatly reduced scale.

Six thousand east German shipbuilding workers who occupied the shipyards for two weeks converged yesterday on the state parliament of Mecklenburg-Vorpommern in Schwerin to vent their anger over the sale by the Treuhand agency of the industry's core to two European shipbuilders.

Shipbuilding is the sole industry in the east German state of Mecklenburg-Vorpommern on the Baltic Sea, a rural region whose agriculture is in equally serious trouble. The fate of the east German shipbuilding industry raised a political storm between two of the partners within the Bonn coalition government, the Christian Democrats and the liberal Free Democrats, over the issue of state aid to ailing industries. It also threatened to break up the ruling coalition in Mecklenburg-Vorpommern which mirrors that in Bonn.

East Germany's shipbuilding industry was largely created after 1945 to build ships for Moscow as part of war reparations. It was the largest exporter of ships to the former Soviet Union, which accounted for 80 per cent of the industry's orders. The industry employed nearly 45,000 workers in 1989. Fewer than 20,000 workers remain and roughly half of these jobs are expected to be axed in the next two years.

Fifteen gleaming new ships ordered by Moscow, which is unable to pay for them, lie moored at the Warnow and MTW shipyards in Warnemünde and Wismar on the Baltic coast.

The undelivered vessels, symbols of a debt-ridden industry, are costing the German taxpayer DM300,000 (£104,000) a day in maintenance and insurance charges. Built to the buyer's specifications, they are virtually unsaleable in the west.

The shipyards, grouped in the Treuhand-owned Deutsche Maschinen- und Schiffbau (DMS) holding company in Rostock, managed to land western orders for 60 new ships in 1990. But productivity in east German shipbuilding is still low by western and far eastern standards and the orders will not stem the losses.

The Treuhand was determined to sell as much of the industry as it could to private buyers. Mrs Birgit Breuel, Treuhand president, says she believes only private investors can successfully restructure the former state companies.

Any agreement on the sale of the shipyards would include state subsidies and will have to be examined by the European Commission. The Commission has said a restructuring plan will have to aim to make the industry competitive by the end of 1993, when all Community subsidies are due to end.

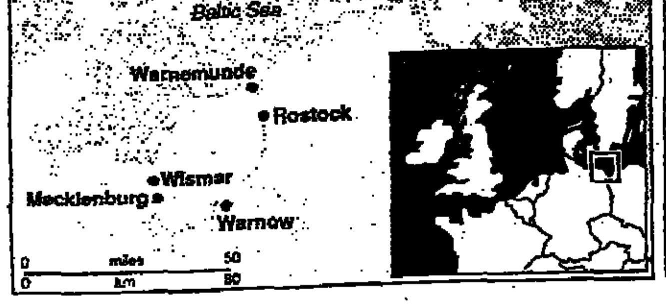
The deal announced this week is a compromise solution after the failure of an earlier plan in which the Treuhand would have retained a large stake. It follows feverish negotiations involving the Treuhand, Chancellor Helmut Kohl and key federal ministries, the state government in Schwerin and the IG Metall union.

Vulkan of west Germany is buying 100 per cent of the MTW shipyard and the Rostock engine company, while Kvaerner of Norway is to get the Neptun-Warnow shipyards. The Treuhand says it is in talks with western companies for the sale of the industry's other two shipyards.

Mrs Breuel, who believes the deal will win Commission approval, said it was the best possible solution under difficult political circumstances and suggested she believed the EC would approve the deal.

A week ago, the Treuhand was still considering a rival package. Vulkan originally offered to buy a 51 per cent share in the MTW yard along with the Rostock diesel engine company and the Neptun-Warnow shipyards. This was backed by all sides in Germany - the CDU-led coalitions in Bonn and in Mecklenburg-Vorpommern state, as well as the shipyard workers. However, Brussels signalled doubts because of Treuhand's involvement.

Yet even the revised formula, sharing the core of the industry between the two buyers, means the Treuhand will be paying several billion D-Marks in subsidies. The agency will assume more than DM1bn in debts, several hundred million D-Marks to pay for environmental restructuring to meet west German standards, and it will take on losses from current sales amounting to about DM1.6bn. The Treuhand will also spend DM900m modernising the shipyards before the sale.



Japanese see February trade surplus double

By Robert Thomson in Tokyo

JAPAN'S trade surplus for February doubled from a year earlier to $10.2bn (£5.7bn), a record total for a single month and a sign that the country is likely to face a sharp increase in trade friction this year.

Ministry of Finance customs-cleared figures showed a 12.4 per cent increase in exports to $28.1bn and a 10.3 per cent fall in imports to $17.9bn, reflecting the effects of slowing domestic demand, which has encouraged Japanese companies to increase their exports.

The Japanese government has been nervous in recent days that the yen's weakness will also encourage exports, while the declining demand for imports has prompted politicians to intensify their calls for an economic package to stimulate domestic growth.

Seasonally adjusted, the surplus rose from $8.4bn in January to $10.4bn, with exports rising 1.1 per cent, but imports falling by an unexpectedly large 8.4 per cent.

A Finance Ministry official said the record figure was a "headache", and admitted that the shift to higher-valued added exports, such as luxury cars, would have a long-term influence on the trade balance.

Exports to most of Japan's leading trade partners rose sharply, with a 7 per cent increase to the US, 8.1 per cent to the EC, 16.8 per cent to the UK, and a massive 59.8 per cent to China, reflecting the rapid expansion of that country's economy in recent months. Japanese trade officials expect that China will also be the final destination for a large share of the 36.1 per cent increase in exports to Hong Kong.

However, imports from the US fell 6.8 per cent and Japan recorded a bilateral surplus of $3.7bn, while imports from the EC fell 13.4 per cent, and Japan had surplus of $3.4bn. Imports from the UK fell 22 per cent, from France 31.5 per cent, and from Italy 15.1 per cent, indicating that demand for luxury European goods remains sluggish.

Japanese electronics companies, which will report sharply lower profits in the year to end March and have been particularly hit by weak demand on the home market, increased their exports of semiconductors (up 23.4 per cent) and televisions (up 21.6 per cent). And the car makers, whose profits are also under pressure, increased their exports by 18.7 per cent, including a 25.4 per cent lift in truck and bus exports.

A Japanese foreign exchange dealer said that the record surplus would probably prompt Tokyo to intensify its efforts to drive down the dollar, although Japanese sales of the dollar yesterday had little impact. The Finance Ministry said that the yen's current weakness "cannot continue for long", and hinted that other leading industrial nations could intervene in the market in coming days.

Japan asked to shoulder third of Cambodia costs

THE head of a United Nations operation to bring peace to Cambodia yesterday asked Japan to shoulder a third of the costs of his mission, Reuter reports from Tokyo.

Mr Yasushi Akashi, head of the UN Transitional Authority in Cambodia (UNTAC) and a Japanese, made the request in a meeting with Mr Michio Watanabe, Japan's foreign minister, officials said.

They said Mr Akashi told Mr Watanabe: "It seems the international community including the United States wants Japan to shoulder about one-third of the budget."

Mr Watanabe replied: "We cannot give a concrete figure at present but would like to study various factors."

Mr Akashi later made the same request to a Lower House committee on international co-operation, according to press reports.

The officials were unable to say how much Tokyo's proposed share would be.

But media reports put it at between $900m and $1bn out of an unofficial estimated total of $2.8bn (£1.59bn).

The total is made up of $1.9bn for UNTAC operations, $100m to repatriate refugees and $800m to rehabilitate Cambodia, the reports said.

Mr Watanabe told Mr Akashi that Japan was prepared to provide 12.45 per cent of the $200m start-up cost for UNTAC, the same proportion as Tokyo's contribution to the overall UN budget.

Mr Akashi is on his way to Cambodia to take up the UNTAC post in mid-March.

He also told Watanabe Japan should build a storage depot on its soil for supplies for UN peace-keeping operations and establish a training centre for peace-keepers, ministry officials said.

In a meeting with Mr Kiichi Miyazawa, the prime minister, on Tuesday, Mr Akashi said UNTAC planned to finish deploying its troops in Cambodia by May and to disarm 470,000 regular and militia troops of Cambodia's four factions and repatriate 370,000 refugees from Thailand by October, ministry officials said.

White is right in this land without servants

Patti Waldmeir visits a latter-day Boer republic set up as an alternative to a multiracial South Africa

"WE ARE not here out of hate. We are not racists. It's a matter of self-preservation," explains Nico van den Bergh, 35, as he proudly conducts a tour of South Africa's only all-white "homeland", Orania.

Mr Van den Bergh and 360 other Afrikaners have already fulfilled the ultra-right dream of white hegemony in a pure white state – a prototype of the white homeland which the right is demanding as an alternative to the reform process the white electorate is being asked to endorse in a referendum next week.

They live in racial isolation on the banks of the Orange River in the forbidding northern Cape, where the bush is stunted by heat and a drought which never really breaks and where the roads are straight and flat and shimmer on, apparently forever.

"It might look racist," Mr Van den Bergh concedes; and at first glance it does. No blacks are allowed to live or work in Orania, where even the most menial tasks are performed by whites. Residents made a rare exception recently when the Post Office insisted on sending a "coloured" (mixed race) engineer to install phone lines. The rest of the time, they keep to themselves in their fenced, 280-hectare town.

Orania was set up a year ago, the kernel of an Afrikaner Volkstaat which residents hope will eventually cover a huge area of this inhospitable region. They have already purchased 2,300 further hectares for sheep farming.

They see themselves, without irony, as modern-day Voortrekkers, pioneers like their forefathers who set out from the Cape in the 1830s to settle what later became the independent Boer republics.

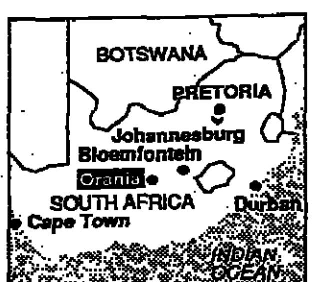
Professor Carel Boshoff, the Afrikaner theologian who set up Orania, says a white homeland is essential for the survival of the Afrikaner.

"For an individual to survive when he is not in his own cultural circumstances, that is possible," says Prof Boshoff, in the soft and measured voice of the clergyman, referring to the prospect of black rule in South Africa. "But for a nation to survive, for what we call a volk, to survive, it is necessary to have a geographical as well as political circumstance in which ... the institutions, the values, the way of living, the world view of the nation are established."

Prof Boshoff (who is the son-in-law of the late Hendrik Verwoerd, architect of apartheid) draws a parallel with Israel, arguing that the existence of a Jewish state is crucial to the security of Jews in the diaspora.

"I feel it is possible for Afrikaners to survive in the new South Africa on condition that we've got a stronghold, a state where Afrikaners are in charge of the political and different structures. The condition is that there is a motherland."

Orania is a harsh, Calvinist motherland, far from the swimming pools and verdant gardens which most residents have left behind in white suburbia. Built to house workers who constructed a nearby dam, the homes are flimsy and dilapidated, the roads cracked and buckled. And there are no servants.



There are labourers, yes: white municipal workers maintain the town, which was purchased as private property by a group of Orania residents for R1.6m (£320,000) last January; some of their wives char for other residents. But shortage of labour is a problem: some paid labourers have refused to do what they consider kaffir work, and they resent living in the town's old servants' quarters.

Prof Boshoff concedes that Orania cannot be self-sufficient without black labour. (The ultra-right Conservative Party, which demands a much larger white state, envisages a homeland where blacks would be admitted as "foreign" labourers). He proposes that Orania would be part of a constellation of regional states, a "good neighbour" to bordering black states, trading high-tech goods and services for the necessities of life.

In the short term, Orania will aim to provide high quality education and health care for whites from "across the border" (South Africa). It will earn its keep by educating Afrikaner children in the Calvinist values of the volk (saving them from segregated schools), and treating sick Afrikaners after hospital integration leads to an inevitable decline in government spending on whites-only health care.

Prof Boshoff does not fool himself that hundreds of thousands will flock to his homeland – at least not yet. He acknowledges that mortgages and car loans will keep most Afrikaners in urban areas.

But Nico van den Bergh sees no future in the new South Africa. "Blacks need the vote and they must have their human rights. It's only fair," he argues. "So the only solution is to come and establish our culture here."

Lydia van der Meer

Voter in a make-shift booth at the South African embassy in London yesterday

London South Africans speak with one voice, one accent

By Gordon Cramb

POLICE crush barriers were still at the ready outside the South African embassy in London's Trafalgar Square, scene of countless anti-apartheid demonstrations and a long-running picket. But yesterday all voices spoke in unanimity as tourists and expatriates from that country streamed in to vote in next Tuesday's referendum on political reform.

It is one of 215 South African missions around the world where voting has been taking place yesterday and today in the whites-only poll called by President F W de Klerk. Completed ballot papers will go by diplomatic bag to Pretoria for counting along with the rest next week.

According to Mr Kent Durr, the country's ambassador to Britain, at least one voter had flown in from a North Sea oil platform. "A majority of one is sufficient in this referendum, so any vote could be decisive," Mr Durr insisted.

Although Mr de Klerk will be looking for a rather clearer endorsement to proceed to a non-racial government, the views of voters in London yesterday will not displease him.

From student-scruffy to the besuited, the message was the same. A businessman, who stepped from a Rolls-Royce, did not want to be identified but had come "to make sure Mr de Klerk gets his mandate".

Mrs Glynda Jacobs, another of Britain's 40,000 or so South Africans of all races, is planning to return at the end of the year when her diamond trader husband's contract term expires. But she "wouldn't like to go back if the 'Nos' get in".

Strict eligibility rules stumped most of the South African cricket team, currently wowing Australia in the World Cup, as they realised they had left at home the voluminous identity document needed, along with a passport, to cast a vote. Others were undeterred. In London Mr Sean Wheller, 25, said he would arrange with his parents to courier the so-called "book of life" to him overnight.

Those without passports were being issued them instantly by Mr Durr's consular team. And there were others, disenfranchised for more traditional South African reasons, who came none the less. One black woman dallying briefly at the entrance said: "I just came to hear that wonderful South African accent."

E Timor peace boat retreats to Darwin

By Kevin Brown in Sydney

AUSTRALIA yesterday welcomed the retreat of a Portuguese "peace boat" which returned to Darwin after being ordered out of Indonesian waters by a naval patrol.

The 120 activists on board were protesting against Indonesia's treatment of East Timor. They claimed success for their voyage which had focused the eyes of the world on the former Portuguese colony.

Australia had feared the ship would provoke a confrontation with Indonesia. Portugal said the naval interception was illegal, and urged international condemnation of Indonesia.

Passengers said the ship, the Lusitania Expresso, came within two miles of Indonesian territorial waters before being ordered to turn back by the commander of a task force of three warships. It left Darwin on Monday for Dili, capital of East Timor.

Indonesian troops killed at least 50 pro-independence demonstrators in Dili late last year. Indonesia invaded East Timor in 1975, after the departure of Portuguese colonial officials and troops. The region was annexed by Indonesia the following year. This has never been recognised by the United Nations, but has been accepted by Australia, which last year signed a treaty with Indonesia dividing oil exploration rights in the Timor Sea.

Mr John Kerin, Australia's acting foreign minister, said Indonesia had acted "sensibly and responsibly," and denied that the ship's voyage had embarrassed Canberra. Mr Paul Keating, the Australian prime minister, said he would visit Indonesia later this year on his first overseas trip since his appointment in December.

NEWS IN BRIEF

Lebanon reduces bread price rise

Lebanon's government reduced rises in prices of bread and fuel yesterday to try to calm public discontent, Reuter reports from Beirut.

A government decree reduced the rise in bread prices from 32.5 per cent to 16.5 per cent and petrol prices from 28 per cent to 17 per cent.

President Elias Hrawi's government made up the shortfall by raising tax on imported alcohol by 400 per cent. Taxes on imported cigarette were also increased.

The decision was taken after a six-hour cabinet meeting to tackle an economic crisis caused by a sharp drop in the value of the Lebanese pound, down 25.8 per cent in the past three weeks, which has sent prices of commodities, many imported, soaring by 30 to 50 per cent and stimulated public discontent.

South Korea goes for clean vote

South Korean cabinet ministers yesterday declared an all-out war against vote-buying and bribery to ensure fairness in March 24 National Assembly elections, Reuter reports from Seoul.

Those who violate election laws will be arrested and may be banned from politics for six years, Justice Minister Kim Ki Choon said. He said 190 people had already been arrested or questioned for vote-buying, bribery and other illegal activities.

Pakistan to represent Iran in US

Pakistan said yesterday it would represent Iran in the US, replacing Algeria, whose crackdown on Islamic fundamentalists has soured relations with Tehran, Reuter reports from Islamabad.

A foreign ministry spokesman said Islamabad had agreed to a request from Tehran to look after an Iranian interests section in Washington. He said Pakistan was maintaining friendly relations with both countries.

The US broke off diplomatic relations with Iran in early 1980 after Iranian militants seized the US embassy in Tehran.

Hong Kong advisers sworn in

China swore in its first set of Hong Kong advisers yesterday amid growing fears of Chinese interference in the affairs of the British colony before it returns to Chinese rule in 1997. The 43 advisers, largely pro-China political and business leaders, were sworn in at a Beijing ceremony attended by China's Premier Li Peng and President Yang Shangkun.

Chinese officials have assured Britain that the advisers will not become a second power centre but have made no secret of their importance.

Two shot dead in Algiers

A gunman has shot dead the son of an Algerian diplomat and a 16-year-old messenger in a diplomatic district of Algiers, Reuter reports from Algiers.

The attack did not appear to be politically motivated and the gunman was arrested. The messenger worked for a political party headed by former prime minister Kasdi Merbah.

Asean urged to act over Burma

The Association of South East Asian Nations (Asean) should take a unified stand against Burma for mistreating its Moslem minority, Mr Najib Razak, Malaysia's defence minister, said yesterday, Reuter reports from Kuala Lumpur.

About 170,000 Burmese Moslems known as Rohingyas have fled to Bangladesh since December, accusing Burmese troops of burning their homes, stealing their belongings, raping women and killing those who protested.

Philippine peace talks 'scuttled'

Communist rebels in the Philippines yesterday said that peace talks with officials, scheduled to begin this month in Brussels, were scuttled by President Corazon Aquino four days before the meeting, AP reports from Manila.

Fifteen non-Punjabis lined up and shot at textiles plant

Sikh extremists massacre factory managers

By K K Sharma in New Delhi

SIKH militants murdered 15 senior executives and technicians of a textiles factory in the north Indian state of Punjab late on Tuesday night.

Four militants entered the residential area of the Indian Acrylics plant and forced all residents to gather at one spot. They then separated the non-Punjabis from the Punjabis and opened fire on the non-Punjabis, killing 15 and wounding two. According to one report, an American executive was held briefly and then released.

The attack was the most serious strike by militants – who are fighting a decade-old campaign for an independent Sikh homeland – since elections in Punjab last month.

The Rs2.2bn (£47m) synthetic fibre factory in Gadhwan Kothe village, near Patiala, was set up recently in collaboration with Du Pont. The US company supplied the machinery for the plant's second phase, due to come on stream next month, making it the largest acrylics plant in Punjab.

The first phase of the plant opened last September and employed 600 people. Du Pont's office in New Delhi said yesterday that the US company's involvement involved a one-off sale of technology. The massacre would not affect its investment plans in India.

However, the incident is bound to have some effect on investment in the country, which recently liberalised its foreign investment policies. Mr P V Narasimha Rao, India's prime minister, recently estimated that Rs10bn of foreign investment had taken place since the liberalisation and he expressed hope that this would double in a few months.

Many workers of Indian Acrylics have run away in fear and the incident has caused alarm in factories throughout the state, in spite of an appeal by Mr Beant Singh, Punjab's newly-elected chief minister, to non-Punjabis not to leave their posts.

Militants have adopted this tactic to force non-Punjabis to leave the state and to deter others from seeking jobs there. This factor, coupled with the fear of repeated random attacks, is likely to retard industrialisation in Punjab.

Following elections in the state last month, Congress formed a government which ended nearly five years of direct administration from New Delhi. President's rule, as this is called, had failed to check militancy in Punjab.

Experts to study drought in southern Africa

TEAMS OF US and international experts are being sent to southern Africa to assess the impact on food supplies of what in some areas is the worst drought of the century. Officials said millions of people will be affected, AP reports from Washington.

Among the hardest hit of the 10 drought-stricken countries are Zimbabwe and South Africa, traditional food exporters which this year will have to import substantial quantities of grain. As the drought persists, estimates of the grain harvest throughout the region have been falling precipitously.

The deteriorating situation in southern Africa adds a new dimension to the continent's overall food crisis. The north-east is the most deprived area in Africa, encompassing Sudan, Ethiopia, Somalia and Djibouti. The lives of 15m people are thought to be at risk.

Officials in Zimbabwe said last week 80,000 cattle died from starvation during February alone and thousands more will die unless heavy rains come soon.

The Rome-based Food and Agriculture Organisation warned late last month that the drought could lead to widespread famine. About 98m people live in the affected regions in southern Africa.

"Considerable donor assistance will be needed to avert a major humanitarian crisis in the region," the US State Department said last week.

Politics holds sway over ecology at wildlife talks

Dispassionate debate is on the endangered list at the Cites conference, writes **Robert Thomson**

THE most photographed foreigners in Japan this week have been the Swedish delegation to a conference on trade in endangered wildlife. Pursued by journalists, the Swedes prompted Japanese to contemplate the demise of the bluefin tuna, an important ingredient of their beloved sushi.

The Swedes have proposed limiting trade in bluefin tuna to the 114 member nations of the Convention on International Trade in Endangered Species (Cites).

There has been no suggestion at the two-week conference, which ends tomorrow, that western Atlantic bluefin tuna are in danger of elimination, but the Swedes were in favour of regulating catches.

A similar argument was raised by the Netherlands over two species of tropical timber, enraging the Malaysian government, which insisted that the International Tropical Timber Organisation (ITTO) is the responsible authority.

Malaysia's response also reflected the anger of developing countries at the influence of the developed world's conservation movement, which they see as imposing restrictions which perpetuate poverty. It is an anger particularly felt by former colonies, such as Malaysia and Indonesia, whose governments argue that they have been "exploited" in the past by foreigners and are now under pressure to limit their own use of the same resources.

However, delegates from countries such as Sweden and the Netherlands denied they were imposing their values on the Third World, and said they were passing on knowledge gleaned from their own environmental mistakes. The conservation groups in Kyoto argue that what Malaysia calls "national resources" are really international resources.

It was clear from the way delegates voted that political considerations often outweighed scientific assessments of various species. For instance, Australia, which is wary of offending Malaysia, did not publicly support the Cites protection of tropical timber even though Canberra has serious concerns about the rate of logging in south-east Asia.

And forthcoming elections in the US and UK encouraged their delegates to express enthusiasm for politically-popular elephants, and in Washington's case, to ensure that the views of trophy hunters and tuna fishermen were well represented. The delegation from Botswana, having been heavily lobbied over elephants, complained to the conference that "not everyone makes points to score points".

Most controversy was caused by proposals to move species between Appendix 1, which imposes a total ban on trade, and Appendix 2, requiring member countries to issue permits and monitor trade in the species or its products. Five southern African countries had wanted their elephants downlisted from 1 to 2, enabling them to trade in the animal's hide and meat.

Cites applies only to international trade in flora and fauna, and several proposals rejected at the conference were designed to protect species not traded but endangered by the destruction of natural habitat.

A separate problem was in assessing the accuracy of wildly differing statistics presented by governments, industry groups and conservationists.

The collection of data is made more difficult in the case of highly-publicised animals such as the elephant and rhinoceros, as their ivory and horns are popular in Asian countries that are either not members of Cites or have a poor record in monitoring trade in wildlife.

Of the two so-called "charismatic megafauna", the elephant attracted far more attention than the rhino. But Dr Simon Lyster, international treaties officer for the World Wide Fund for Nature (WWF) said the latter was in more immediate danger and that pressure should be put on Taiwan, which is not a Cites member but is thought to be the world's largest consumer of rhino horn.

Japan, as host nation, has survived the conference without having its international reputation tarnished, partly because the government was not forced to vote on the tropical timber issue and had the US, Canada and Morocco offering support on tuna. But the ambiguity of Japan's policies suggest that work needs to be done before the government can take the high moral ground on environmental issues.

A ministry of international trade and industry (Miti) official explained that Japan would support the protection of tropical timbers if their depletion could be "scientifically verified" and, adding a political qualification, if Malaysia agreed. Obviously that exporting nation did not agree.

Hussein seeks aid and solace

By Mark Nicholson, Middle East Correspondent

KING HUSSEIN, Jordan's ruler, is expected to use today's meeting with President George Bush, the first between the two men since the Gulf war strained relations between Jordan and the US, to call for measures to alleviate the effects of sanctions on the Iraqi people.

The King's visit coincides with that of Mr Tariq Aziz, Iraq's deputy prime minister, to the United Nations in New York on a mission to persuade the Security Council to lift the embargo against Iraq.

The timing is accidental, but Mr Aziz, who left for New York from Amman, took the opportunity while in Jordan to seek the King's support in Iraq's campaign to have the 20-month old sanctions lifted.

The King, whose speeches reflected strong pro-Iraqi sympathy among Jordanians during the Gulf war, is likely to plead for an easing of the pressure on Iraq for humanitarian reasons.

Before leaving Amman, senior Jordanian officials said they would argue in Washington for measures to alleviate the suffering of the Iraqi people. "It is no longer a question of who is in power in Baghdad, but of the agony of people trying to feed and clothe themselves," said Mr Mutasem Bilbeisi, the Foreign Ministry under-secretary.

The King will also discuss the Bush administration's role in furthering the Arab-Israeli peace talks during talks this afternoon in the White House.

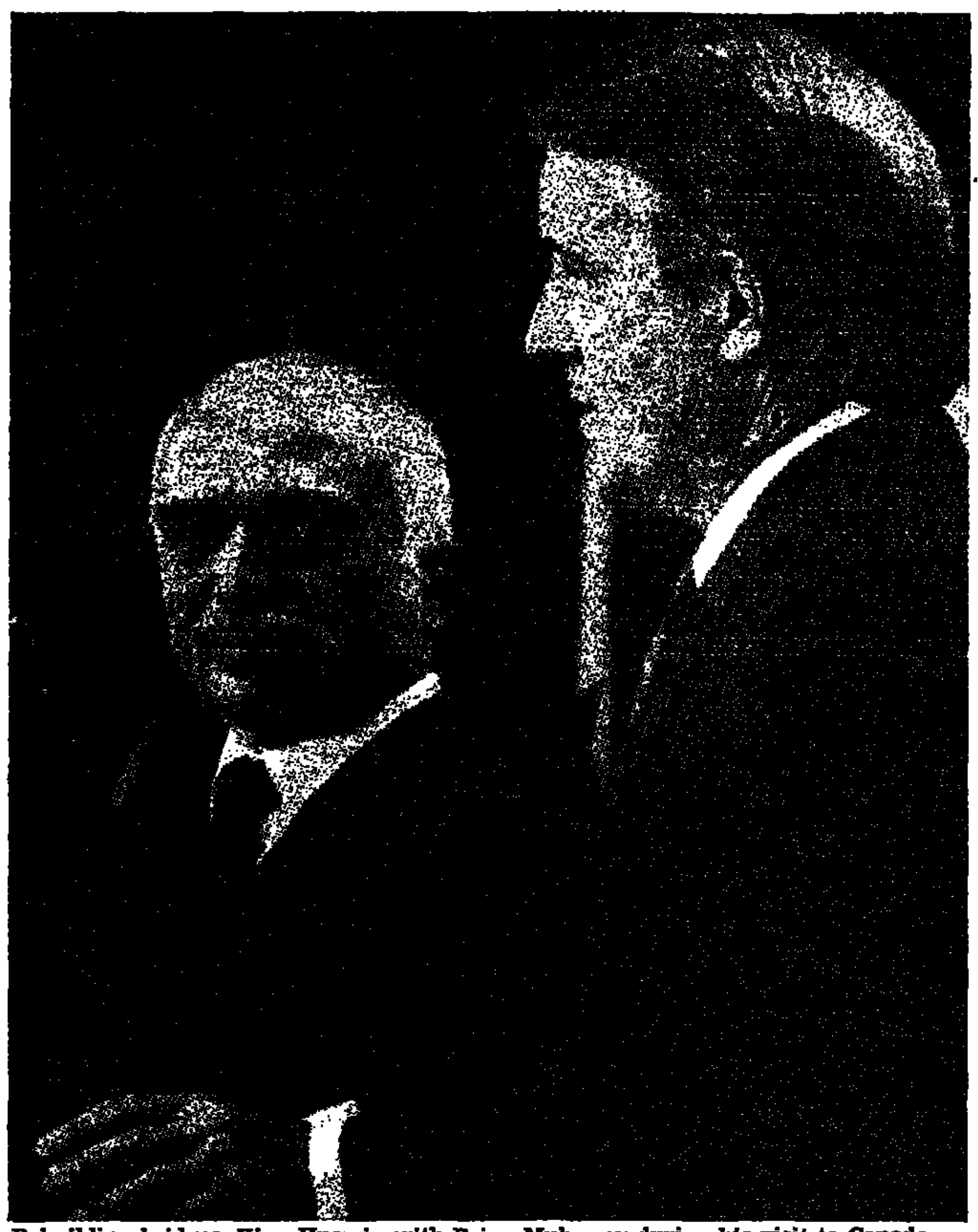
Washington is the second stop on the King's North American tour after Canada, where yesterday he received promises of increased economic aid to help Jordan cope with the influx of post-war refugees.

Mr Brian Mulroney, Canada's prime minister, said they discussed regional security in the region and UN sanctions against Iraq. "King Hussein is a key voice for stability and moderation in the Middle East," Mr Mulroney said after the talks. "We recognise his dedication to bringing peace to the region."

Although the US and Jordan kept channels open during the Gulf crisis, the King's mixture of formal neutrality and often impassioned support for the Iraqi people angered the US administration, which responded by suspending military assistance and economic aid to Amman.

However, President Bush restored this assistance in September last year, on the grounds that it was both in US interests and "would be beneficial to the peace process in the Middle East".

In a further sign of the thaw in relations, Mr Baker last week urged the House of Representatives to increase aid for Jordan to an annual \$77m from \$55m.



Rebuilding bridges: King Hussein with Brian Mulroney during his visit to Canada

Saddam supporters lose fervour

Jordan's economic woes prompt new alliances, writes **Michael Field**

THIS MONTH in Paris the Jordanian government and the International Monetary Fund agreed a 1992 rescheduling package, for what in per capita terms is the most indebted country in the world. The agreement came a few days after a round of severe fuel subsidy reductions, which the Fund had wanted to see implemented before it undertook to recommend the rescheduling to Jordan's creditors.

The agreement is linked to a new seven-year economic reform programme, which has been in operation since the beginning of January.

Jordan's economic position is grim. Apart from having \$7bn (£3.9bn) of debt, which represents 188 per cent of anticipated gross domestic product (GDP) this year, it has been running a large balance of payments deficit – \$1.1bn in 1991 – and has a budget deficit equivalent to 18 per cent of GDP. All of these problems stem from its having lived beyond its means in the early 1980s, when it received a large flow of aid, investment and workers' remittances from the Gulf oil states, and then borrowing after 1985, when the flow dried up.

After facing a severe financial crisis in 1988, Jordan agreed a first package of IMF reforms in March 1989. These were in place when Jordan was hit by the Gulf crisis. Trade with Iraq, which took 20 per cent of its exports, was reduced and trade with Saudi Arabia and the Gulf states, which the Jordanian government condemned for inviting western armies to solve an Arab problem, stopped altogether.

More than 250,000 Palestinian Jordanians arrived from Kuwait, increasing the country's population from 3.3m to 3.6m in six months. The population had already been growing by a vigorous 3.5 per cent a year.

The returnees – regarded as flashy – put a strain on the country's services and pushed unemployment above 20 per cent. But they brought with them \$600m, stimulating a building boom, a boom on the stock exchange, and the issue of a large number of licences for new businesses (although this is not the same as new businesses coming into existence).

JORDAN: KEY ECONOMIC INDICATORS

	1987	1988	1989	1990
GDP Growth %	3.5	1.2	-5.7	-5.6
Current Account (\$m)	-352	-294	-82	*-1,000
External debt (\$bn)	6.37	6.56	7.41	*8.90

* Estimate — Source: EIU

Given its expanded population, Jordan agreed with the IMF that it should try to maintain a reasonable level of growth – rising from 1 per cent last year to 4.3 per cent in 1998. This is why the reform programme has been stretched over seven years rather than five.

During this period the country's debt will not fall in money terms (it will actually increase from \$7bn to \$10bn) but it should decline as a proportion of GDP to 137 per cent. The intention thereafter is that it will start to be reduced quite quickly.

It is intended that by 1998 the country's payments should be balanced, that it will have no need for foreign aid, and that the budget deficit will be just 5 per cent of GDP. All of these aims imply a steady diversion of the nation's income from consumption to investment.

This is most conspicuous this year in an increase in the rate and scope of the "consumption tax" – a sales tax charged on the output of Jordanian factories. It is expected the tax will be extended to imports next year.

At the same time, the subsidy on heavy fuel oil (bought by factories), super gasolene (for luxury cars) and diesel fuel (for lorries in transit) has been turned into a tax, which now more than offsets the remaining subsidy on ordinary gasolene and kerosene.

The only other subsidies now applied in Jordan are on bread, rice, sugar, animal feed and milk. Last year these subsidies cost \$83m; this year the cost will be \$58m.

Other standard IMF prescriptions for economic health – a 50 per cent devaluation, a *de facto* abolition of exchange controls and the deregulation of bank interest rates – were introduced in the 1989 package.

The Jordanian economy has proved quite responsive to IMF medicine, with many factories that had been uncompetitive starting to reopen in 1989 and 1990 after the devaluation.

What the country needs to kick-start growth is a successful resolution of the Middle East peace talks or the removal of Iraqi President Saddam Hussein.

With Mr Saddam gone and reconstruction starting, Jordan's exports to Iraq, at a halt since the embargo was imposed against Baghdad, could resume and expand, and it is assumed that exports would also start again to Saudi Arabia and the Gulf.

Jordanians now stress that they *only* appeared to support Iraq during the Gulf crisis because they disapproved of western intervention.

They are conveniently forgetting the enthusiasm that most of them showed for Mr Saddam at the time.

In response to US pressure, officials admit that they have recently tightened controls on goods "leaking" across their border with Iraq, and it is understood in Amman that they are in the process of establishing United Nations inspectors at the frontier.

Whatever justifications they cite, it is a fact that the Jordanians' attitude towards Iraq has undergone a change.

Most Jordanians have lost interest in Mr Saddam and they now see it as being in their own, and in the Iraqi people's, interest that he be removed as soon as possible.

Kenya claims opposition parties have military wings

THE Kenyan government, in its strongest attack yet on its recently legalised rivals, said yesterday that opposition parties had set up military wings for a campaign of violence, sabotage and political intimidation, Reuter reports from Nairobi.

A government statement said the main opposition party, the Forum for the Restoration of Democracy (FORD), had 300 men under arms, including a "Libyan-trained terrorist squad", and was expecting 500 to join them after guerrilla training abroad.

FORD General-Secretary Martin Shikuku dismissed the accusations as nonsense and challenged the government of President Daniel arap Moi to arrest members of the alleged squad.

"Failure to do so must lead us to conclude that it is a total fabrication," Mr Shikuku said. "The ball is in the government's court."

The government statement said FORD's military wing planned to sabotage power and *telephone lines, shoot demonstrators* and disrupt water and transport systems. FORD would then blame the violence on the government.

It said another unnamed opposition party also had a military wing but gave no details.

The government had told the security forces to take swift action, it added, but it did not mention any specific measures.

The statement is the latest in a recent spate of mutual accusations by government and opposition ahead of multi-party elections expected later this year.

The government statement, *which is certain to increase* the political temperature after riots in the capital last week, also accused FORD of fanning tribal clashes in which at least 20 people have died in the last six weeks.

Earlier yesterday, riot police and gangs of youths clashed in a rundown part of Nairobi, witnesses said. A few shops were broken in to and at least one car was overturned and set ablaze, but police quickly gained control of the situation, they said.

AMERICAN NEWS

Strong lead bolsters Clinton for battles ahead

By George Graham in Tallahassee, Florida

GOVERNOR Bill Clinton of Arkansas now holds a commanding lead in the battle for delegates to the Democratic convention in New York in July, which will decide the party's presidential nominee.

With the results in from the 11 states which held their presidential primaries and caucuses on Super Tuesday, Mr Clinton has secured the bulk of the delegates from seven states, including heavily populated Texas and Florida. He now has more than twice as many delegates committed to his candidacy as his closest rival, former Senator Paul Tsongas of Massachusetts.

Former Governor Jerry Brown of California continued to win respectable minorities of the votes in many states, but ranks far behind in delegates.

In the Republican race, President George Bush, who swept all eight states holding Republican primaries on Tuesday, has almost 10 times as many delegates as Mr Patrick Buchanan, his right-wing challenger.

Both Mr Clinton and Mr Bush, however, are far from being able to claim victory. Mr Clinton is only around one-third of the way towards the total 2,144 delegates he needs to ensure the Democratic nomination on the first ballot.

He cannot achieve this before mid-May and appears unlikely to clinch the nomination until June, the last big primary day.

Mr Bush is half-way towards the total of 1,105 delegates he needs for the Republican nominating convention in August in Houston. Mathematically, he too cannot eliminate his challenger for some weeks.

Bush campaign officials believe they have baulked Mr Buchanan's best chances of winning a state. Mr Buchanan, a former Nixon speechwriter, saw his share of the vote fall in several states well below the 30 per cent level he has previously achieved.

In Mississippi, Mr Buchanan had to split the right-wing and racist vote with Mr David Duke, the former Ku Klux Klan leader, and scored only 17 per cent. In Texas and Tennessee, he scored less than 25 per cent, although Tennessee – one of the rare Republican states which does not use a winner-takes-all system for allotting delegates – also provided him with one of his best harvests of delegates to the Houston convention.

But the Buchanan-Duke combination continued to eat into Mr Bush's vote. In no single state – even his adopted home of Texas – was the president able to reach 75 per cent of the Republican vote.

Mr Tsongas sought on Tuesday to play down the significance of Mr Clinton's victory. "He won on his home turf and I won on my home turf. The only state which was neutral territory was Delaware, and I won that," he said.

This claim might have some foundation were it not for the size of Mr Clinton's victory in Florida.

SUPER TUESDAY PRIMARY RESULTS

State	Democrats			Republicans		
% of vote	Jerry Brown	Bill Clinton	Paul Tsongas	George Bush	Patrick Buchanan	David Duke
Florida	12	52	34	68	32	-
Louisiana	7	69	11	62	27	9
Massachusetts	15	11	66	66	28	-
Mississippi	10	73	8	72	17	11
Oklahoma	17	71	-	70	27	-
Rhode Island	19	21	53	63	32	-
Tennessee	8	67	19	73	22	-
Texas	8	65	19	70	24	-
*Delegates to date	81	708	347	560	58	-

Democrats out of 4,288 delegates Republicans out of 2,209 delegates *Based on preliminary figures from Super Tuesday contests

Pragmatism rules as the Drexel saga concludes

But the issues of principle surrounding junk bonds remain untried by litigation, reports Nikki Tait

ON Monday afternoon, as yet more lawyers poured into Room 1305 in the Manhattan district courthouse, someone noticed that the clock was slow.

"Is that 'Pollack' time?" muttered a former employee of Drexel Burnham Lambert, referring to the fierce octogenarian judge who has overseen a mass of civil litigation flowing from the investment bank's collapse in 1990. "Pollack mean time," remarked his neighbour, tartly.

It was an appropriate quip. It took another hour's wait and more last-ditch manoeuvring before a beaming Judge Milton Pollack could complete his final act of coercion, and declare that a single "global" settlement to hundreds of suits resulting from the bank's demise had been reached. What had looked to be "mission impossible" when negotiations started at Thanksgiving, he declared triumphantly, had been achieved in less than four months.

In one respect, this final act in the Drexel saga should be welcomed. Had the cases been contested in the courts lawyers estimate they would have been considering the matter into the next century. Expenses would have mounted accordingly.

But, in other respects, the settlement, which creates a $1.3bn (£730m) "pool" to be divided between the numerous claimants, is less satisfactory. It leaves much of the controversy about Drexel – probably the most significant force on Wall Street in the 1980s – untried in any objective forum.

It also allows Mr Michael Milken, former head of the bank's junk bond department and its chief money-spinner, to remain extremely rich. The political niceties of this – Mr Milken has, after all, pleaded guilty to six breaches of securities law – appeared to give the Federal Deposit Insurance Corporation, a leading government claimant, pause for thought at the last minute. However, it approved the settlement, with some added safeguards.

Milken: settlement leaves him extremely rich

Finally, the deal permits 200 former Drexel employees to swap the bulk of their lucrative interests in the Drexel employee partnerships (which invested in many of the bank's junk bond offerings), for immunity from future lawsuits. That is an option which few can probably afford to refuse. But the notion that money buys legal peace, regardless of innocence or guilt, is scarcely an admirable judicial cornerstone.

The debate surrounding Drexel has always involved two issues, connected but often confused. The first centres on the use of junk bonds, which the bank, via Mr Milken's department, pioneered. Critics claim that this was "boot-strap" financing, allowing ill-qualified entrepreneurs to gain control of big corporations. Many of today's bankruptcies are cited as evidence of the folly.

Mr Milken, to judge from a recent Forbes magazine interview conducted in his prison's canteen, remains unrepentant – although he acknowledges that debt-financing should have ended much sooner.

The argument will probably rage on – and no court would have ever addressed the matter. But there was a second, narrower aspect to the Drexel debate, which might have been resolved by litigation. Did the junk bond department, as many believe, function so successfully thanks to a carefully-cultivated network of customers to whom it offered illegal favours and inducements? Or was it basically honest.

A partial, and largely unsatisfactory, effort to prove the former was made by government lawyers in Milken's pre-sentencing hearing last year. Now any full-scale trial of this matter has been obviated by the settlement.

Pragmatism overtook principle in the Drexel litigation long ago. It was June 1990 when the FDIC set up a special task force to investigate whether Drexel had contributed to the failure of various thrifts, which had been big customers of the bank. A few months later – in conjunction with the Resolution Trust Company, which is overseeing the savings and loan industry bailout – the federal agency called in a New York law firm, working on a partial contingency fee arrangement, to see if monies could be recovered from Drexel's demise.

The FDIC/RTC and their lawyers have since been a driving force in both the Drexel bankruptcy and the civil litigation. The bankruptcy, which began in February 1990, was tackled first. Drexel assets were relatively easy to calculate – about $2.6bn – and a deal struck which split these between the bank's creditors and the various parties suing Drexel.

One lawyer calculates that once priority claims and expenses have consumed around $750m, the other "fixed" creditors will share well over $1bn. The rest will be divided between the "securities litigants" – including the FDIC/RTC and the individual investor "class action" suits. (The bankruptcy reorganisation plan, essentially winding up the bank's affairs, was also approved on Monday.)

All parties then looked at the more ill-defined monies that might be recovered from former Drexel employees, notably Mr Milken. The result has been to create the $1.3bn settlement pool. Of this a small amount, perhaps $85m, flows back to Drexel's fixed creditors, while the bank's own interests in the employee partnerships – valued at about $185m – are released from litigation. The rest gets split between the litigants under court and SEC supervision.

The chief contribution to this $1.3bn pool comes from Mr Milken. Some $400m comprises the monies he had already paid into a Securities and Exchange Commission disgorgement fund, and to this he is adding $500m. This is said to represent 80 per cent of his personal wealth – but that does not allow for assets held by his wife and immediate family. Add those, and some estimates have put his wealth at nearer $500m.

Meanwhile, 200 former Drexel employees – a small proportion of 10,000 which the bank once employed - are giving up $300m-worth of partnership interests. Some lawyers have suggested the total value of these is $500m. A final $100m in the $1.3bn pool comes from insurance carriers, including Lloyd's, under directors' and officers' liability policies.

"You know you have a good settlement when nobody likes it," said one lawyer at the hearing. That seemed to sum up the pragmatic outcome of one of Wall Street's most controversial episodes.

Anti-corruption fighter joins Pérez unity team

By Joe Mann in Caracas

VENEZUELA'S President Carlos Andrés Pérez has named an anti-corruption campaigner as interior minister as part of a new cabinet of national unity that includes two figures from the main opposition party.

The appointment of Mr Luis Piñerúa Ordaz to one of the most powerful jobs after the presidency is intended to satisfy popular demands for a serious government attack on corruption and violent crime.

Although Mr Piñerúa has long been prominent in the ruling Democratic Action (AD) party, his appointment represents a blow to many other senior figures in the party. Most of AD's leadership see the new minister as a maverick figure who may try to put some of their party brethren behind bars.

Mr Pérez also named six other new cabinet ministers, but kept the government's free-market reformers in place in other key ministries and in the presidency of the central bank. The president thus refused to cave in to demands that he roll back unpopular economic reforms initiated three years ago.

Mr Pérez appointed some new cabinet members at the end of February, but he was forced to make broader changes this week in the face of a political crisis following last month's abortive coup and calls for his resignation. This week's changes are the third cabinet shake-up this year.

Six of the seven new cabinet officers were sworn in Tuesday as police and National Guardsmen used water cannon, tear gas and firearms to confront protesters, some of them armed, in several parts of the capital.

The six other cabinet changes were: Mr Pedro Valenilla, a prominent businessman, minister of economic development; Mr Humberto Calderon Berti, a member of the Christian Democrat (Copei) party, foreign minister; Mr Jose Ignacio Moreno, a member of Copei's leadership, to the presidency of the Venezuelan Investment Fund, which oversees Venezuela's privatisation programme; Mr Jose Mendoza Angulo, a senator for the ruling Democratic Action (AD) party, justice minister; Mr Jose Andres Octavio, a political independent, minister of state reform; and Ms Teresa Albanez, a member of AD, minister of family welfare.

Copei was quick to point out that while two of its members are, with the permission of party leaders, holding posts in the AD administration, this does not mean that the party is forming a coalition government. Copei leaders say they will continue to work as the country's main opposition party.

Aerospace industry chief to head Nasa

PRESIDENT Bush yesterday named Mr Daniel Goldin, whom he described as a leader in the US aerospace industry, as head of the National Aeronautics and Space Administration (Nasa), Reuter reports from Washington.

Mr Goldin is a senior vice-president in TRW, the US defence company, and has been general manager of its space and technology division since 1987.

He will replace Nasa chief Admiral Richard Truly, a former astronaut forced out of the agency in a power struggle with vice-president Dan Quayle's National Space Council. Admiral Truly was in charge of rehabilitating Nasa after the 1986 Challenger disaster and headed the space agency for more than two years. He submitted his resignation on February 10 and said he would leave the space agency on April 1.

During Mr Goldin's tenure at TRW the company has built 13 spacecraft which are still in orbit, including a tracking and data relay satellite and the Compton Gamma Ray Observatory.

WORLD TRADE NEWS

Some progress in EC-US talks says MacSharry

By Andrew Hill in Strasbourg and **David Buchan** in Brussels

"SOME progress" had occurred in EC-US talks on farm subsidies, still the chief sticking-point in Gatt's stalled Uruguay Round negotiations, Mr Ray MacSharry, EC agriculture commissioner, said yesterday.

But he played down the significance of a letter President Bush had sent to Mr Jacques Delors, Commission president, last week. The letter suggested that more of the direct-income support the EC plans to pay its farmers could be shielded from the full brunt of farm subsidy cuts under Gatt.

Mr MacSharry, in Strasbourg to hear the European Parliament's opinion on Common Agricultural Policy reform, refused to comment on details of EC-US talks or on Tuesday's exchange on Gatt between Mr Baker and Mr Delors. "We are continuing to discuss a package of issues. We have some progress to report in some areas, but there are still major outstanding difficulties."

Brussels officials said the Commission would send Mr Bush an early reply, perhaps today. They were taken aback on Tuesday night, when, at a press conference on Yugoslavia, Mr James Baker, US secretary of state, mentioned almost ironically, the "extraordinarily generous" US offer in the Gatt negotiations.

Some movement had occurred, "but nothing in the context of the package [under discussion] to make one say there's going to be an agreement tomorrow," Mr MacSharry said. He was still optimistic the Uruguay Round could be successfully ended by mid-April.

Brussels officials declined to comment on yesterday's follow-up talks between chief aides to Mr Delors and Mr Baker. The US has recently seemed moving nearer the EC position in Gatt, mainly on EC plans to compensate farmers for sharp price cuts. The Community argues the bulk of such compensation should be permanent, because the attached conditions requiring farmers to take land out of production would involve a cut in output.

Mr Arthur Dunkel, Gatt secretary-general, would like most of these direct-income transfers limited in time and subject to Gatt-agreed subsidy cuts. But unresolved EC-US problems still exist over elements such as tariff rebalancing and export subsidy cuts.

See Commodities

AEG forms joint venture with Czech transport group

By Ariane Genillard in Prague

AEG, the subsidiary of Daimler-Benz, and Siemens, the German electronics company, are to compete in the Czechoslovak domestic market, following a joint venture set up between AEG and the country's biggest transport and engineering company.

AEG is poised to acquire a majority ownership of the transport division of the local company CKD for an undisclosed sum, following approval recently granted by the Czech government. AEG intends to diversify CKD's production of tramcars and diesel electric locomotives, and make subway cars, suburban trains and trolley buses. Earlier this year Siemens acquired a 51 per cent stake in the transport division of Skoda, the Pizen-based engineering group. The joint venture also intends to focus on mass transit contracts.

Mr Bernhard Weiss, a Siemens manager responsible for the joint venture, said Siemens and Skoda won in December a contract to supply the Prague metro with 22 new trains. The business should compensate for losses made by Skoda's transport division because of problems in selling its locomotives on the Soviet market. CKD is the largest producer of public transport vehicles in Czechoslovakia, with 1991 sales of Korunas 14.9bn (£296m).

Ireland explores tourist potential of its coastline

Low-cost marina moorings could attract yachtsmen looking to escape high UK fees, writes Tim Coone

WHEN THE Irish priest St. Brendan, set off on his many voyages of discovery in a tiny curragh over a millennium ago, missionary zeal rather than tourism was his motivation.

Despite these nascent manifestations of a maritime tradition, Ireland has until now achieved little in exploiting its unquestioned potential as a tourist attraction for the growing numbers of sailors and yachtsmen in the European Community. It has 1,000 miles of coastline, much of it bathed in the warm waters of the Gulf Stream, and perhaps some of the best cruising areas off north-west Europe.

Bord Failte, the Irish Tourist Board, has since 1989 been promoting a plan to build a string of marinas at 40-mile intervals around Ireland's southern and western coastlines.

Only 10,000 of the 3m tourists who visit Ireland each year go there on sailing holidays. Bord Failte's plan is to develop the infrastructure necessary to attract yacht owners big and small, not only to spend their holidays exploring the inlets, small-town pubs and the food of the south of Ireland, but to base their boats in Ireland to escape the high costs of marina fees in the UK.

According to Mr Peter Waring, the National Moorings and Marine Co-ordinator of the UK's Royal Yachting Association (RYA), there are 2m people in the UK who participate in sailing activities – "more than watch football". In the UK there are 190,000 mooring berths, 45,000 of them walk-on marina berths. The RYA estimates that there will be a demand for 85,000 new marina berths over the next 10 years.

He said that berthing fees charged by the big marinas "have increased by between 50 and 100 per cent over the last three years", and that as soon as the recession ends "the suppliers of berths will again be dictating the terms". Mr Waring said UK sailors "are voting with their keels" and moving their boats to lower-cost marinas, or selling their larger boats and returning to dinghy sailing.

Ireland is hoping to tap that market, but despite the availability of I£3m (£2.8m) in funds from European Regional Development Funds for marina development, only two projects have so far come to fruition since 1989 – the 250-berth Kilrush marina, which opened on the west coast of Ireland last year, and an 80-berth marina at Kinsale in the south.

The tourist board is promoting a plan to build a string of marinas at 40-mile intervals around the southern and western coasts

Mr Jim McGuigan, the investment manager of Bord Failte, said the entire strategy was under review. In future greater emphasis would be placed on involving local authorities in developing simpler low-cost facilities at frequent intervals along the coast, instead of a few large multi-million ventures which require long pay-off periods and tend to make yachting prohibitively expensive.

This shift in focus follows a similar trend in the UK. The RYA this month set up a new venture with Tenershire Marine Limited (TNL), a Swansea-based pontoon manufacturer, to create new low-cost marina-style moorings through the 1,500 yacht clubs associated with the RYA.

One such development at Swansea marina has created 200 berths which can be purchased outright for £1,800 each, the same as a commercial marina would charge for one year's mooring fees for a modest-sized yacht. "We can solve the mooring problem without spending millions," said Mr David Nicholas, the marketing director of TML.

Mr McGuigan said: "That direction is probably the way we shall go in our next operational programme for 1994-98." With the development of marinas, will come the growth of a yacht-chartering industry which is still in its infancy in Ireland. Bord Failte has in the past 18 months approved five new charter projects, which will soon quadruple the number of charter boats available for coastal cruising to more than 60.

BCP, a Dublin-based stockbroker and financial consultant, this year set up a financing package for charter-boat companies, under the Business Expansion Scheme (BES), an investment through which top-rate taxpayers can get full tax relief for five years. Two new companies will be operating out of southern Ireland this summer.

Mr David Cullen, a chief executive of BCP and a keen yachtsman said: "Its virgin territory down there and marvellous sailing."

Problems over planning permission have seen two commercial-style marina proposals turned down by local communities on the south coast in the past two years.

"It's a dichotomy you suffer in Ireland. There is a shortage of jobs, but I suppose the last thing they want is Ireland becoming like the Solent," said Mr Cullen. However, Bord Failte's changing approach, similar to that of the RYA in promoting low-cost pontoon moorings, "is the way to go", he said.

St Brendan might scoff at modern-day sailors in their sleek glass-fibre boats, who demand the walk-on moorings, the hot showers and restaurants that today's marinas are expected to provide, but as the Irish patron saint of sailors, he would at least be pleased to know that his country is at last rediscovering the maritime tradition he began in sackcloths and curraghs.

Germany to block exports for arms

By Christopher Parkes in Bonn

THE German government is to open a new Federal exports office, increase customs and inspection staff, and toughen legal penalties in an attempt to block exports of goods which could be used for weapons manufacture.

In future, products which could be used to make or transport weapons will require export licences from the new office, to open on April 1, the cabinet agreed yesterday. The list of controlled goods includes machine tools, components which could be used in rockets or uranium enrichment, low-loaders and civilian plant which might be "misused" to make chemical or biological weapons. Licences will not be issued for such shipments to "sensitive" countries.

The cabinet also agreed that Chancellor Helmut Kohl would press for adoption of a uniform international arms control policy during his chairmanship of the forthcoming western economic summit in Munich. Breaches of the new German controls or official UN embargoes will be punished by up to 15 years' jail. German technicians working overseas will also be covered by the legislation, according to an economics ministry paper presented to the cabinet.

The paper said Germany must quickly introduce new rules to stop the country being used as a staging post for suspect or illegal shipments from other countries. It cited the example of parts for Iraq's "supergun" sent via Frankfurt airport. Several German companies have been involved in exports of machinery and parts to Iraq.

Other measures include 100 extra people at the the customs crime bureau, raising the workforce there to 370. The new department examining exports and issuing licences will have a staff of over 400. About 18m export shipments leave Germany a year, of which 0.3 per cent are officially described as armaments.

● Peru has introduced a system whereby all imports will be inspected before shipment by an independent company. Four companies have been nominated: Cotecna Group and SGS of Switzerland, Bureau Veritas of France, and SSI, part of Britain's Inchcape group. Such inspections, now used by 29 developing countries, were originally meant to ensure an importing country received value for foreign exchange in imports. Recently, the systems have been used to help assess and collect import duties.

Canada toughens line against US in Gatt

By Frances Williams in Geneva

CANADA yesterday seized the opportunity of a debate on US trade policy in Gatt to pursue simmering trade grievances against its powerful neighbour.

Mr Gerald Shannon, Canada's ambassador to Gatt, said the US, once the leading champion of international trade liberalisation, appeared increasingly to be drifting towards managed trade and greater protectionism.

He singled out US anti-dumping and countervailing duty laws, which had become the "instruments of choice for US industries seeking protection", citing, among other criticisms, "arbitrary and capricious" findings of injury, dumping and subsidy.

Mr Shannon's remarks were made against the background of rising trade friction between Ottawa and Washington. The Canadian government was yesterday considering retaliatory action against the US for its imposition last week of countervailing duties against allegedly subsidised softwood lumber exports from Canada. The US move came despite a decision last December by Gatt's subsidies committee to set up an independent panel to rule on the dispute.

Ottawa is also fuming over a recent US customs decision that Honda cars assembled in Canada do not qualify for tariff concessions under the US/Canada free trade agreement, and is at odds with Washington over cross-border beer sales.

Mr Shannon said the US was increasingly resorting to managed trade deals such as "voluntary" export restraint arrangements for machine tools, electronics, meat and cars, as well as the car parts pact President Bush brought back from Japan in January.

The EC expressed concern yesterday over US pursuit of trade aims through unilateral and bilateral actions that could discriminate against other trading nations. Mr Roderick Abbott, for the EC, said Brussels was worried by moves in Congress to curb foreign investment in the US. The report by the Gatt secretariat on US trade policies will be published today.

R-R in engine deal with Chinese airline

ROLLS-ROYCE has made a breakthrough in the Chinese market for its Tay engine, with an agreement to supply engines worth around £20m to China Eastern Airlines, Paul Betts writes.

The Shanghai-based airline is buying seven Fokker 100 twin-engine regional jets, to be powered by Rolls-Royce Tay 650 engines. The carrier is acquiring its fleet of Rolls-Royce-powered Fokker 100s from a leasing company. The first three Fokker 100s will be delivered in September and the remaining four next year.

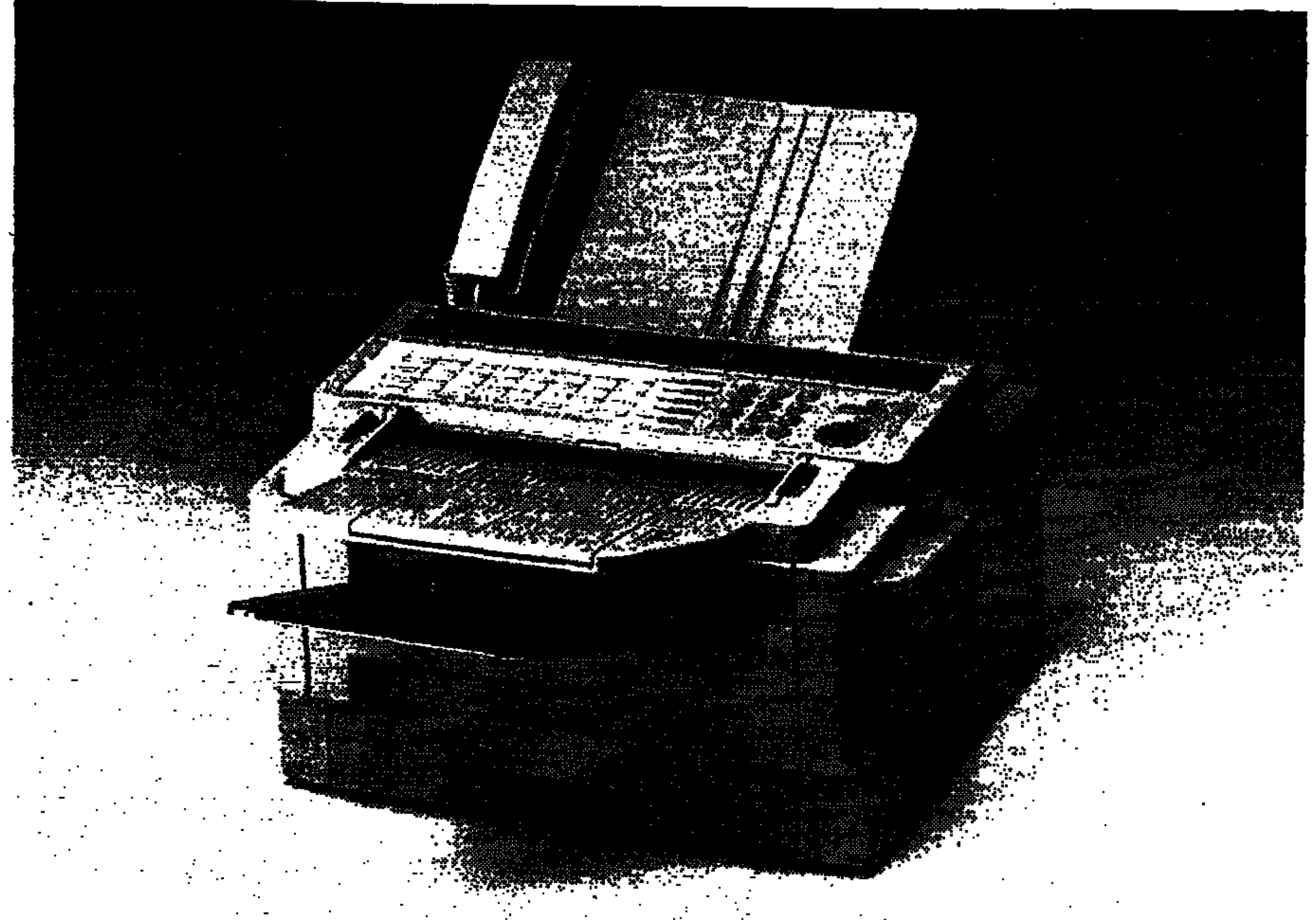
The aircraft and engines have already been been sold by the makers to the leasing company, but Rolls-Royce said yesterday the agreement was important because it was the first order for the Tay 650 and the Fokker 100 in China. China Eastern operated Trident three-engine jets during the past 15 years powered with Rolls-Royce Spey engines.

Western makers are interested in expanding their presence in the Chinese market, where the potential has hardly been tapped. In the first six months of last year China's airlines carried 8.8m international and domestic passengers, a 33.5 per cent increase over the same period the previous year.

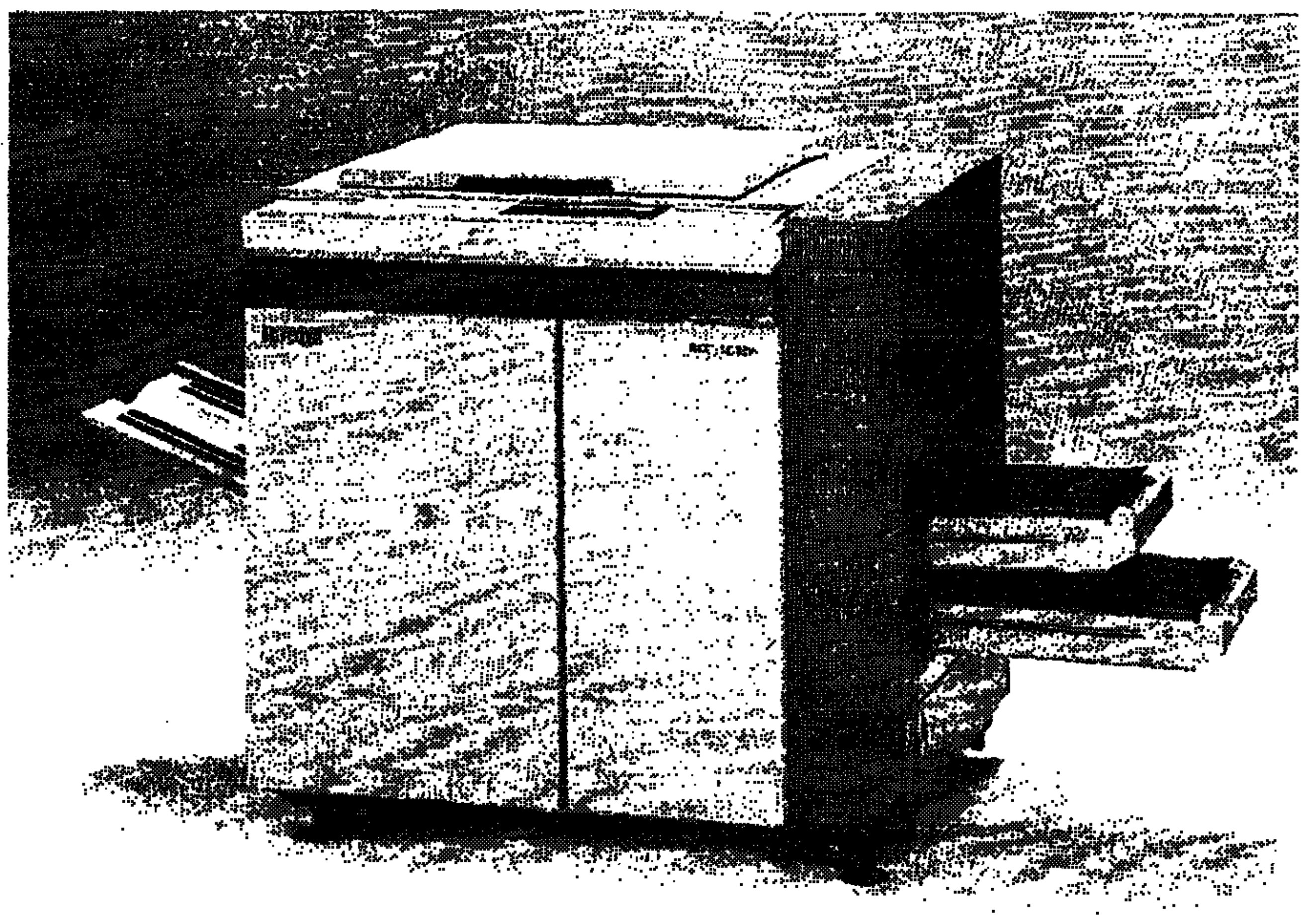
ADVERTISEMENT

TOMORROW'S BUSINESS WORLD

Ricoh, a leader in office automation, is playing a starring role in CeBIT '92, the world's largest fair, which opened on Wednesday. Up to 600,000 people will have the chance to see the company's innovative fax machines and copiers that will help to revolutionise the way the world goes about its business



Ricoh Fax 3000L: the mega-memory plain paper fax



Ricoh NC 8015: the fastest digital full-colour copier

RICOH is one of the star attractions at CeBIT 92, the biggest fair in the world, which opened in Hanover, north Germany, on Wednesday morning.

The fair, dedicated to the latest developments in information and telecommunication systems, is a fitting showcase for Ricoh, a world leader in office automation. More than 600,000 visitors are expected to visit the fair over the coming week, and those who want to know how the future will work must visit the Ricoh stand. There they will find the fax machines and the copiers that are revolutionising the way the world goes about its business.

CeBIT '92 may not have had the world-wide exposure of Expo '92, which is due to open next month in Spain's historic city of Seville. Nor does it have the international glamour of the 1992 Summer Olympics Games, which will begin in Barcelona at the end of July. But the thousands of visitors who will crowd into the 271,000 square meters of the HanoverMesse in the coming week will have travelled from all over the world to see the very best and brightest new products.

CeBIT is the highlight of the communications technology world. It is the place to be seen, to show the latest products, and clinch deals. The venue in Hanover, which will host Expo in the year 2000, is one of the largest of its kind in the world.

Now in its seventh year, CeBIT this year is bigger than ever and provides a comprehensive showcase of modern technology. More than 5,000 exhibitors from 45 countries are there to highlight the latest opportunities in office automation, information and communications technology and computer and networking equipment. Ricoh has a prominent place among the exhibitors and will be displaying its latest range of products spread over a 1,525 square metre stand.

Although founded in Japan more than 50 years ago, Ricoh's European character is highlighted by the fact that over the next week about 600 Ricoh European employees, dealers and distributors will be at the stand. Coming from Norway, France, the UK, Italy, Spain, the host country Germany and many others, they are living proof of the way Ricoh has established itself in Europe over nearly three decades.

Since establishing its first subsidiary in Europe in 1963, Ricoh Europe BV, from its Amstelveen headquarters in the Netherlands, co-ordinates its seven sales subsidiaries and a financial subsidiary as well as the two production subsidiaries at Telford, in England's West Midlands, and Colmar, in France's Alsace region.

But by no means will all, or even most, of the visitors to CeBIT '92 be technical experts or people with a professional interest in the exhibits. For CeBIT attracts tens of thousands of the general public, all eager to see the kind of products which they will be using in their offices, or homes, the day after tomorrow.

Most of the products on display are designed to make our everyday life easier and our life at work simpler and more productive. Fax machines, for example, which are considerably faster than today's in sending or receiving messages. Copiers which can cope with greater demand. Others which will provide colour copies of a reproductive quality and accuracy which would have been thought impossible a few years ago.

Visitors to Ricoh's stand, for example, will be able to see some of the very latest of the global group's technology – like the Ricoh NC8015, a digital full colour copier, or the Fax 8000 DT, a full colour facsimile, and the LP 1200, the group's new 6ppm laser printer.

RICOH

Official Olympic
Facsimile Network Sponsor

The countdown to gold and glory

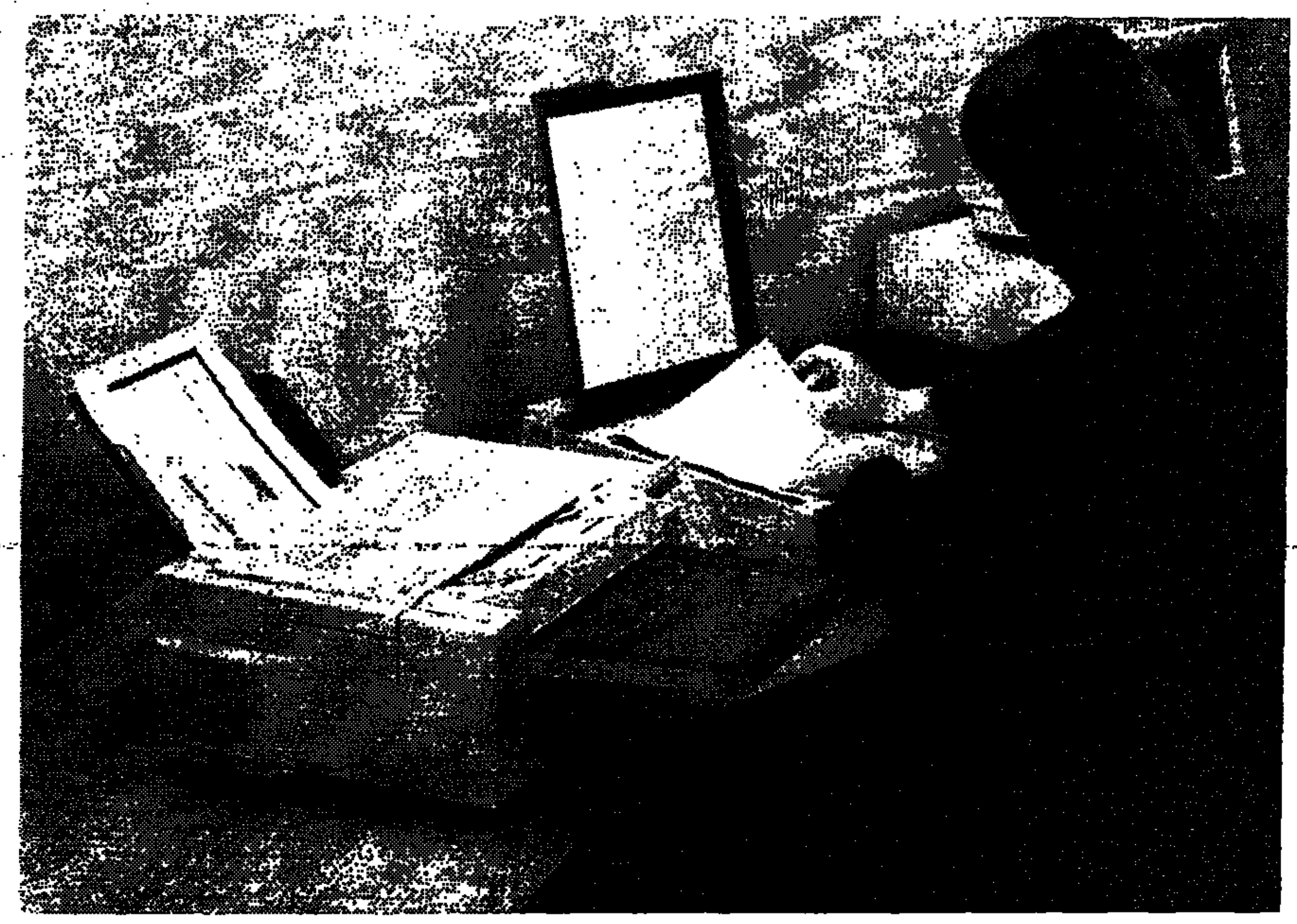
WITH THE Winter Olympics in Albertville, France, successfully behind them, the Olympic organisers are now devoting their full energies to finalising the arrangements for the Summer Olympics in Barcelona, Spain.

By the time the Olympic torch has completed its 5,000 kilometre journey around Spain and the final torch-bearer lights the flame at the Opening Ceremony in the Montjuïc Olympic Stadium on July 25, the Olympic organisers will have completed the complex organisations for the biggest Olympic Games ever.

The official sponsors to the Games will have played their part, including Ricoh, which, as Official Fax Sponsor, has completed the installation of the first facsimile network in history.

Not only has Ricoh created a worldwide network which links more than 160 companies on six continents with the International Olympic Committee's headquarters in Lausanne, Switzerland, and the Olympic sites in Barcelona and the other Spanish towns where events are being held.

Ricoh has taken great care in the smallest details in providing the right individual machine to meet the special needs of the users. So Ricoh is providing a range of faxes for COOB, the Barcelona Olympic Organising Committee, which include 350 units of the Ricoh Fax 80, 50 units of the Fax 85 and 50 plain paper facsimile machines. Ricoh faxes will also be available at the Telefonica telephone and fax booths which will be situated in strategic areas at the Games venues.



Ricoh LP 1200: FLASHROM-equipped to reduce downloading

Such examples of Ricoh's new products highlight two of Ricoh's main themes at CeBIT '92 – the "Technological Twins", known in the trade as "Digitalisation" and "Colourisation".

Put simply, digitalisation is the increasing use of digital technology in both fax and copier machines. Currently around 90 per cent of all our copiers, for example, work on an analog system. By the year 2001 it is anticipated that around 80 per cent will be based on a digital system.

The consequences? Faster copying results with higher quality reproduction and, ultimately, more competitive prices.

Colourisation speaks for itself. The application of high-quality colour technology for both copiers and fax machines in the office is just around the corner. "Colour and digitalisation are undoubtedly the way of the future," says Ricoh Europe's Eric Huygen, deputy general manager.

On show at Hanover is Ricoh's NC 8015, a copier which combines digital technology with full colour reproduction. At a continuous copy speed of 15 full-colour A4 copies per minute on plain paper, the NC 8015 is the fastest system in its category in the world.

The new Ricoh NC 305 responds to the needs for both black and white, and colour. In black and white mode it can copy at a rate of 30 A4 copies a minute. In its basic 3-scan mode the NC 305 delivers a full-colour copy within 20 seconds and follow-up copies at a rate of five a minute.

Ricoh's next generation fax – the Colorfax 8000 DT, the machine the company calls "Tomorrow's facsimiles today", will be one of the highlights of the show. The Colorfax 8000 DT confirms Ricoh's technological edge in the fax world as befits the company which, as official fax sponsor of the Summer Olympic Games in Barcelona this year, has installed the world's first Olympic facsimile network.

Combining extraordinary clarity of reproduction with accurate colour and impressive speed, the Colorfax 8000 DT includes a monitor which checks all incoming data and will only print out when the machine is satisfied that the quality is absolutely right.

Will all copiers in the future produce in colour? Ricoh's President, Hiroshi Hamada, believes that there is room for both colour and black and white in the office of the future: "We do not expect that complete colourisation will take place because there are so many areas in which black and white is sufficient. However, there are areas in which people are using colour, so in the office, eventually, we will have both black and white and colour."

Another new colour development on show at CeBIT '92 is Ricoh's FS1 S, a new colour scanner which Ricoh claims far surpasses other colour scanners in technology and speed.

One of the advantages of an international trade fair of the size and scope of CeBIT is that companies can display not only their future designs, but also their existing successful products and those about to be launched on the market.

One of the latter is Ricoh's Fax 3000L, a new fax using plain paper rather than special thermal fax paper. The FAX 3000L's new engine offers less expensive running costs, new seamless OPC and strong durability.

As befits the Olympic Official Fax Sponsor, Ricoh is going out of its way to display its new fax products at CeBIT '92. Apart from the new generation 3000L, Ricoh is presenting its mega-memory fax, the Fax 550, which will be available immediately to customers. Speed is one of the Fax 550's claims to fame, with its document read time of a mere 4.5 seconds and a high transmission speed of 10 seconds for an A4 page.

Professionals and home office users are likely to be attracted to the new compact Ricoh Fax 01, with its automatic telephone/fax change facility, while the Ricoh Fax 02 has a 128KB memory which allows documents to be transmitted in the absence of the user and can also transmit a single document to several different recipients.

Small businesses are a main target of the new Ricoh Fax 240, although it could also prove a boon as a personal desktop fax or a satellite fax in a larger organisation. Documents received are also automatically cut to size and de-curled, thus obliterating that annoying habit of fax paper to roll up.

Another new Ricoh product which will be demonstrated to CeBIT '92 visitors is the LP1200, a desk top laser printer with its wide range of features, including FLASHROM, which means that users no longer have to download software fonts every time they use the printer. FLASHROM also enables the user to upgrade the controller firmware downline using a User Registration Card, because Ricoh recognises that any new printer language could soon become out of date due to the rapid innovations in the printer industry.

Another innovation in the world of office automation is "networking", a buzz-word which will be heard a lot in Hanover during the next few days and which refers to the integrating of fax and copiers with printers and the desk top computer.

Ricoh is using CeBIT '92 to introduce its LP5100, an A3-size laser printer specially designed for a network environment. Not only has the LP5100's print engine been built to be highly reliable, but Ricoh has also paid attention to ease of maintenance. The LP5100 is constructed to avoid complicated paper feed problems, and it is simple to check and repair should this ever become necessary.

Ricoh brings two special strengths to CeBIT '92 and the European market.

The first is the global spread of an international group which now employs 44,500 people in 127 subsidiaries and 24 modern production facilities.

The second is a long tradition of devoting considerable money, commitment and engineering talents to research and development from which the products now on display at CeBIT '92 have been developed.

Ricoh spends over 5 per cent of its net sales on R&D centred on the Ricoh Research and Development Centre, based near Yokohama, about an hour from Tokyo. The Centre's R&D activities are strongly supported by various specialised research centres and laboratories, seven in all. In Europe, Ricoh's European Fascimile Design centre, started in Frankfurt, Germany in 1986, has become an integral part of Ricoh's European operations by planning and designing fax machines specifically geared to the needs of the different national markets within Europe.

CeBIT '92 highlights the latest developments in a global leader like Ricoh for one week in Hanover. But what really counts is the quality of the products and service that a group such as Ricoh can provide all the year round, thanks to its global reach and its growing strength in the European market.

RICOH

CeBIT'92 HANNOVER
11–18 March 1992
Halle 4, EG, Stand D24/G23

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Election '92: Lamont defends Budget ● Labour calls for new government ● Lib Dems urge reform

Chancellor denies low tax band is election ploy

By Peter Norman, Economics Correspondent

MR NORMAN Lamont, the chancellor of the exchequer, yesterday denied that the new 20 per cent income tax band for low wage-earners was designed to embarrass the opposition Labour Party.

Speaking after the government named April 9 as the date for the general election, Mr Lamont said the lower income tax band of 20p, proposed in Tuesday's Budget, had been a long-term government aim.

He said the new lower rate band was not a political ploy to appeal to traditional Labour supporters, and claimed he had always thought Britain's 25p basic rate was a high starting rate of tax for the lower paid.

The government, if re-elected, would have the choice of either lowering the present 25p basic rate or extending the lower tax band to more than the first £2,000 of taxable income as a way of fulfilling its commitment to reaching a 20p basic rate, he said.

The new tax rate would give the government greater flexibility, he added. It would be able to move towards a 20p basic rate by extending the band in steps that might only cost the equivalent of half a pence off the present 25 pence basic rate.

Mr Lamont warned that it could take longer than the life of a single parliament to reach a 20 per cent basic rate of tax.

The medium term financial strategy, that was published with the Budget, suggests that the government will not be in a position to make net tax reductions in 1993-94 or 1994-95. It has pencilled in reductions of around £1bn in 1995-96 and 1996-97.

By that time the government envisages that the public sector borrowing requirement (PSBR), or deficit, will have declined from the very high levels envisaged for the coming two fiscal years.

Mr Lamont said yesterday that the forecast doubling of the PSBR to £28bn in 1992-93 from £13.75bn in the current financial year largely reflected cyclical factors.

A "very rough" calculation suggested that £12bn of £14bn deterioration was due to the effects of the recession on tax revenues.

He said he believed that the underlying PSBR, after extracting the cyclical effects, was very close to balance. He therefore denied that the deficit was a structural problem that might one day necessitate tax increases.

Tax changes introduced during the chancellorship of Mr Nigel Lawson had increased the "cyclicality" of the tax system, particularly corporation tax, he said.

He appeared not to be worried about financing the deficits. Other European countries were able to finance higher PSBRs than Britain, he said. Mr Lamont said the recovery forecast for this year might be "slightly sharper" than expected because of the delayed activity.

Earlier on BBC radio he said that there was "a tremendous amount of pent-up demand in the economy" and considerable potential spending power because of rising earnings and lower mortgage rates.

At the Treasury briefing, the chancellor did not rule out an interest rate cut during the election campaign although he said some people might consider it a "high risk" move. He said there was no constitutional reason why the government should not cut rates in a campaign.

By convention, governments have not cut rates immediately before an election. There have been exceptions, however.

In 1974, the official minimum lending rate was much more closely linked to market rates than bank base rates are today so that a move in market rates triggered an official rate cut. In 1979, the Labour government cut rates in the campaign after widespread expectations of a Conservative victory prompted a large inflow of foreign funds that was pushing sterling higher.

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Kinnock rallies Labour with call for change

By Ivo Dawnay, Political Correspondent

MR NEIL Kinnock will today kick off Labour's election campaign with a news conference to promote his party's "time for a change" message, followed by a rousing rallying call to MPs at Westminster.

The Labour leader dusted off what was once described as the "oldest slogan in politics" yesterday when he welcomed the election announcement from Downing Street.

Exuding confidence, he told a television interviewer: "The country needs an election, the country needs a new government and new leadership."

His comments followed renewed attacks by his party's leading spokesmen on the government's Budget as "a shallow, transparent and weak attempt to gain favour."

Mr Jack Cunningham, the party's campaign co-ordinator, said the Budget had been intended to see the Tories through until election day, but had withered under widespread criticism within 24 hours of its delivery.

He was backed by Mr Gordon Brown, the party's trade spokesman, and Mr Tony Blair, Labour employment spokesmen, who both attacked the package for failing to address rising unemployment and the need for investment.

In the House of Commons, Mr John Smith, the "shadow" chancellor of the exchequer, launched a bravura attack on the Budget to the delight of his backbenchers. Pouring scorn on the government's record with a sheaf of statistics on the UK's economic performance, he said: "The hallmark of Majorism is to promise that good times are round the corner. Unfortunately, we never seem to turn the corner."

Instead of a budget for recovery, he said, the Tories were "borrowing money they don't have to buy votes they don't deserve." He concluded: "Time has run out for a government living on borrowed money and borrowed time."

Throughout the day, it was clear that the slogan – "It's time for Labour" – will be mercilessly promoted throughout Labour's campaign. Several Labour MPs conceded privately that the party's greatest obstacle in the coming campaign would be voters' nervousness of change.

Smith: 'Time for Labour'

"Our job is to persuade people that we don't bite," said one MP said.

Party strategists are also taking head on an anticipated Tory onslaught on the leadership qualities of Mr Kinnock. Communications chiefs have instructed officials to stress repeatedly Mr Kinnock's skills and experience on the hustings in comparison with the relatively inexperienced Mr John Major.

The first important hurdle for Labour will come on Tuesday when Mr Smith is due to submit the party's alternative Budget plan to the close perusal of economists. The Tories are certain to focus on its plans for tax rises for some top rate earners and the removal of the ceiling on national insurance contributions.

Mr Kinnock will speak at the Scottish Labour party conference in Edinburgh on Friday while other senior shadow frontbenchers are due to make platform appearances at a London rally at the weekend.

● Conservative support in Scotland has fallen to 18 per cent, according to an opinion poll for Channel Four television and The Scotsman newspaper released last night. The fall suggests the party would lose half its Scottish MPs.

Support for the Conservatives has fallen from 23 per cent in January, the ICM figures show. Labour and the Liberal Democrats have both risen by one percentage point to 42 per cent and 11 per cent respectively.

Party leaders invited to US-style TV debate

By Raymond Snoddy

BRITAIN'S broadcasters have asked the leaders of the three main political parties to take part in an American-style eve-of-poll debate.

As they launched their plans for election coverage both Independent Television News (ITN) and the BBC said they had independently sent invitations to the party leaders.

Mr Tony Hall, director of BBC news and current affairs said that no-one had formally declined yet. If the debate did go ahead, it would be so important that it should not go exclusively to one broadcasting organisation.

Earlier Mr Stewart Purvis, ITN editor-in-chief, promised that ITN's more than £1m coverage would be better than the BBC's "because it will be sharper, it will not be ponderous, and will address the issues directly."

ITN will use three mobile satellite dishes to bring coverage from all over the country, run profiles filmed at the homes of the prime minister, the leader of the opposition Mr Neil Kinnock and centrist third party leader Mr Paddy Ashdown.

The BBC said it would use a 200-strong combined team of broadcasters to be "the nation's debating chamber during the general election campaign."

Innovations include The Vote-Race on BBC1: a series interpreting what the party managers are up to while a studiio audience will decide whether they believe their message or not.

Countdown to the election

MARCH 11
John Major calls election; visits palace; truncated Commons business programme announced; John Smith television reply to chancellor's Budget broadcast; Lib Dem policy committee finalises manifesto

MARCH 12
Neil Kinnock launches Labour election press conference; Budget debate concludes; final Cabinet clears manifesto, last prime minister's questions in Commons

MARCH 13
Finance Bill published; Chris Patten opens Torquay Conservative Central Council; Kinnock speaks at Edinburgh Scottish Labour conference: Ashdown campaign press launch in London, he visits Edinburgh and Cardiff

MARCH 14
London Labour rally; Major rallies troops at Torquay

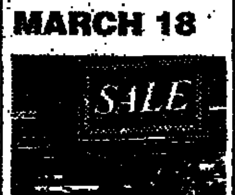
MARCH 15
London Labour rally; Ashdown launches Lib Dem London rally

MARCH 16
Finance Bill wrapped up and parliament dissolved; shadow cabinet and Labour's executive finalise manifesto; Royal Proclamation dissolves parliament; EC finance ministers meet in Brussels to discuss Delors' Finance proposals, involving large increases in contributions from member states. The Tories are resisting changes to UK contributions

MARCH 17
Parties daily press conferences begin: Smith unveils Labour's "shadow Budget": possible launch of Tory manifesto

MARCH 18/19
Other party manifestos launched

MARCH 18



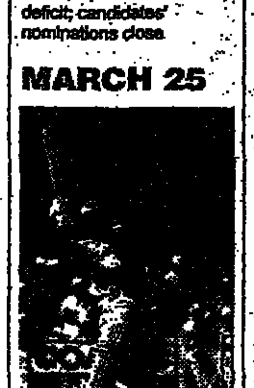
Retail sales figures for February, expected to be poor

MARCH 19
Sheaf of economic indicators could herald new "Black Thursday" with GDP estimates, money supply, bank lending and unemployment figures; nominations for candidates opens

MARCH 20
Better news for Tories with RPI expected to show further fall in inflation

MARCH 23
Trade figures should show minor improvement in deficit; candidates' nominations close

MARCH 25



TUC general council staff cuts; World Cup cricket final in Sydney;

MARCH 27
CBI monthly trends expected to show March business confidence still low

MARCH 28
Kinnock's birthday

MARCH 29
Major's birthday; poll tax bills should begin to be delivered; clocks go forward for British summer time

MARCH 30
EC agriculture ministers meet to discuss the McSharry reforms of the Common Agricultural Policy. Britain's farmers, traditional Tory supporters, are opposed to the proposed cuts in EC subsidies

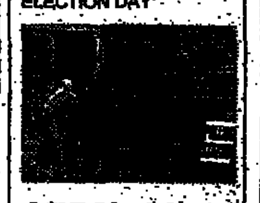
APRIL 5
SUNDAY: Final Lib Dem broadcast

APRIL 6
Final Labour election broadcast

APRIL 7
Final Tory election broadcast

APRIL 8
Official end of the campaign

APRIL 9
ELECTION DAY



APRIL 10
Either Major returns in triumph to Downing Street with an outright majority or the Queen summons the leader of the largest party

Centre party demands constitutional reform

By Ralph Atkins

MR PADDY Ashdown, leader of the centrist Liberal Democrats, yesterday made his strongest push yet for a "coalition" government by warning that Britain faced a "crisis of governability".

His first speech of the election eschewed Labour and Tory attempts to put the economy or the health service at the top of the agenda, and echoed, instead, 1970s' fears of the UK becoming ungovernable.

Rather than trade union or corporate domination, the problem now was "the long-running failure of British democracy to modernise itself, and its inability to produce governments that command national support."

Neither Labour nor the Tories had a "theme" to their campaigns and it was "quite likely" that no party would have a majority after April 9, said Mr Ashdown.

Liberal Democrat MPs were last night finalising the party's manifesto, expected to be launched on Monday or Tuesday.

Mr Ashdown hinted at manifesto's central theme in his speech, which set constitutional reform as his priority.

He agreed that for many voters, "these are arcane matters" but he argued "the ground for political reform has never been so well prepared."

A hung parliament would mean, "that the other two minority parties – who haven't, since 1951, won more that 50 per cent of the vote in a general election – have failed even to win a majority of seats under our rigged electoral system." If either Labour or the Conservatives tried to form a minority government, "they will provoke a real crisis of legitimacy in the British system".

Liberal Democrats fully expect most attention to focus on their conditions for a coalition government.

So far, Mr Ashdown has set electoral reform, an agreed four-year programme of government and ministerial posts for Liberal Democrat MPs as his pre-requisites – and has shown no sign of softening his stance.

Five years that shook Thatcherism

Philip Stephens on a parliament of high drama and bitter politics

IT has been an extraordinary five years – less a parliament that a paroxysm. The Thatcher revolution turned into the Tory rebellion. An economic miracle turned into a mirage. The political giants of a generation staggered bloodied from the national stage they had dominated for a decade.

Now their disbelieving understudies in the House of Commons must take a leap in the dark. Mr John Major will fight the first general election since the 1970s which the Conservatives could lose. Mr Neil Kinnock has a fighting chance of proving that Labour is no longer predestined to be the party of permanent opposition.

It has been a parliament which has shifted decisively the terms of the political debate. The poll tax, Europe and a boom-to-bust economy stranded the extremists of right and left. Mr Major and Mr Kinnock have converged on the safer centre-ground.

The voters were given the window of television to watch for the first time the drama unfolding in the House of Commons. The timing could not have been better. Images of Sir Geoffrey's bitterly-brilliant resignation speech and Mrs Thatcher's tragically defiant farewell etched themselves on the national consciousness.

It is hard to believe that it has been only five years.

The poll tax then was nothing more than a single paragraph in the Conservative manifesto. Mrs Thatcher, resting on a triumphant majority of 102 seats at Westminster, was privately pondering the break up of the state health and education systems. The water and the electricity industries was still owned by the government.

Of the 21-strong cabinet class of 1987 only eight now survive. Some, like Mr John Moore - one of that unhappy breed of former future prime ministers - were cast into obscurity. Mr Nicholas Ridley self-destructed. Mr Nigel Lawson and Sir Geoffrey Howe departed angrily. Mrs Thatcher had no choice.

The opposition parties did not escape the upheavals. Dr David Owen, the man who had promised to break the mould, instead led the SDP (Social Democratic Party) into oblivion. The then obscure Mr Paddy Ashdown was left to salvage something akin to the old Liberal Party from the wreckage of the Alliance. The Greens grabbed 15 per cent of the vote in the European elections before vanishing again into anarchic obscurity.

The biggest mistake, of course, was the poll tax: the project of a prime minister who had come to believe that she could lead the electorate in any direction she chose. But, as in 1381, the peasants revolted. Mr Major has spent much of his 16 months in Downing Street consigning the the 20th Century version of this medieval impost to a later chapter in the history books.

It was the interaction of economic management and Europe which proved fatal. The image of Mr Lawson's tax-cutting Budget in 1988 – Mrs Thatcher declared him "brilliant, brilliant, brilliant" – disintegrated into the Downing Street row over the Exchange Rate Mechanism (ERM).

The economic miracle turned out to be an old-fashioned boom. Mrs Thatcher denied her chancellor the anti-inflationary shelter of the ERM. Mr Lawson stormed from the cabinet as the clouds of recession gathered.

It was Europe too that brought the cataclysm. There was Mrs Thatcher at her most dangerously defiant as she shouted "No No No!" to European integration after the Rome summit. It was a step too far. Sir Geoffrey, a sheep transformed into a lion, shocked himself, the Commons and the nation with a devastating indictment of Mrs Thatcher's leadership. She was fatally wounded.

Mr Michael Heseltine seized his moment. Yet still she returned to the despatch box to deliver a valedictory speech which left her cabinet colleagues visibly shame-faced and moved her most ardent enemies.

So these last few days it has been Mrs Thatcher rather than Mr Heseltine who has sat brooding on the backbenches as her successor prepared for the election her party would not let her fight.

She will campaign for Mr Major but she long ago made it clear that he could not be judged "One of Us."

Mr Major has done as much as any leader could in a brief 16 months to quell the turmoil. He has managed his party at Westminster rather than dragged it by the scruff of its neck. Consensus has replaced conviction. Ideology has given way to pragmatism. British troops fought in the Gulf with none of the partisan chauvinism or Tory triumphalism which accompanied the expedition to the Falklands.

It may not be enough. This was the parliament in which the Labour party learnt again that it would win as well as lose elections. It took its chances. Mr Kinnock began to align policies with presentation. Ideological baggage like unilateral disarmament, the trades union closed shop and anti-Europeanism was thrown wholesale from the Labour wagon.

He is still voluble, and occasionally, volatile, but the Labour leader regained his confidence.

Mr Kinnock might yet lose. But so might Mr Major. And therein lies the legacy of this parliament.

Past glory: Mrs Thatcher celebrates her 102-seat victory in 1987, which allowed her party to pursue radical policies

BRITAIN IN BRIEF

Director quits Lautro over new regime

A leading financial services executive has resigned from the board of Lautro, the life assurance and unit trust industry's self-regulatory body, over a new disclosure regime which he described as "inherently anti-competitive".

Mr Tim Miller, director of marketing at M&G Group, Britain's biggest specialist unit trust company, and head of Lautro's advertising and product disclosure committee, said the decision of regulators to allow life companies to show average charges throughout the industry, rather than require them to show their own, will not offer adequate protection.

Mr Miller's resignation followed the announcement by the Securities and Investments Board, the City's chief watchdog, of the new regime, which is designed to help consumers shop more wisely for life assurance.

The regime was prompted by urging from the Office of Fair Trading and the Department of Trade and Industry which said in 1989 that the absence of cost information in the sale of life products inhibited competition.

BTR seeks telecom licence

British Rail Telecom (BTR), is applying for a Public Telecommunications Operator (PTO) licence, two years after it first signalled its intention to compete with BT and Mercury Communications, the UK's two licensed international carriers.

The intention is to capture about 7 per cent of the UK telecommunications services market over the next decade. It plans to use the Channel Tunnel to carry cables linking its British network to European customers; a radio system is being developed to allow individual customers to tap into BRT's main network.

Lex, Page 16

EC reopens BAe inquiry

The European Commission has opened a new inquiry into the legality of "sweeteners" paid to British Aerospace by the UK government when the company bought Rover, the car manufacturer, in 1988.

Sir Leon Brittan, the EC competition commissioner and a former Conservative cabinet minister, promised to open a new case last month after the European Court of Justice overturned on a technicality the Commission's 1990 decision to order repayment of the £44.4m of sweeteners.

The Court said the Commission should have opened a separate investigation to discover whether the sweeteners were illegal state aid. Sir Leon's fellow commissioners, meeting in Strasbourg, backed his call for a full state aid inquiry.

Lloyd's denies S&P claims

The authorities at Lloyd's of London have refuted claims by Standard & Poor's, the US credit rating agency, that the insurance market faces a liquidity crisis.

S & P, which began analysing Lloyd's syndicates last year, said that it had identified a "negative balance" of liabilities against assets of £1.2bn last autumn. Lloyd's said that on December 31 1990 the market's total declared resources amounted to more than £18bn. This was more than £6.5bn in excess of all estimated future liabilities.

Merged ferry service rejected

Cross-Channel car ferry operators have been rebuffed by the government in their request to be allowed to merge their Dover-Calais services in opposition to the Channel tunnel.

The decision will delay the loss of several hundred jobs in the vulnerable Conservative seat of Dover. The Department of Trade and Industry, accepting a recommendation from the Office of Fair Trading, said it would not release the ferry operators from earlier undertakings preventing them from merging their cross-Channel operations.

P&O and its biggest rival, Sealink Stena Line, have argued that the ferry operator's only chance of competing with the tunnel is to offer a single, high-frequency service between Dover and Calais.

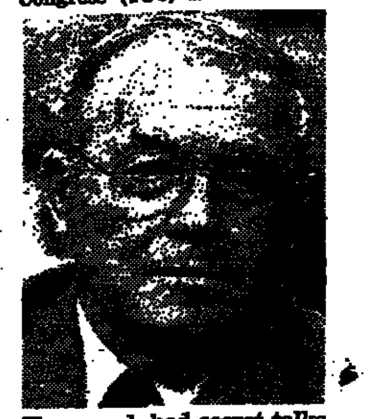
Terms of BTG sale agreed

The government has concluded the final privatisation deal before the general election by agreeing as expected to sell the British Technology Group to a management-led consortium.

The group is paying an initial £27.75m for the state-owned technology transfer organisation. It will make further payments over the next five years if BTG's net income from patent royalties exceeds a base level agreed with the Department of Trade and Industry.

Union relations deteriorate

Prospects for a reconciliation between the EETPU electricians' and the Trades Union Congress (TUC) have deteriorated following revelations that the union's leader played a key role in events which led to print workers losing their jobs at News International, the newspaper publisher, in the mid-1980s.



Hammond: had secret talks

Mr Eric Hammond, EETPU general secretary, said he held secret talks with Mr Rupert Murdoch, News International chief executive, for nearly a year over proposals which led to EETPU members taking the jobs of established print workers when the company opened new facilities in London.

The disclosure by Mr Hammond, in his autobiography, will cast a shadow over talks on the possible re-affiliation of the EETPU to the TUC. It was expelled in 1988 for refusing to implement rulings on inter-union disputes.

Price cut offer on electricity

Nuclear Electric, the state-owned company which operates the nuclear power stations of England and Wales, is offering cut-price electricity to industrial consumers.

The offer of power at 2.3p per unit, 5 per cent below the previous price of 2.425p, follows a warning this week by Offer, the electricity industry watchdog, that it would be monitoring Nuclear Electric after electricity customers accused the company of withholding power to force the electricity price higher.

Doctors to attack reforms

The government faces the embarrassment of its health reforms meeting criticism from the medical profession during the election campaign.

Although the British Medical Association will be adopting a neutral stance towards the political parties, it is holding a special delegate conference in London on March 26 to consider motions on the reforms. This will provide a well-publicised platform for critics of the changes.

The agenda for the conference shows that many of the BMA's divisions remain opposed to the reforms a year after their introduction.

Compensation for travellers

Passengers holding tickets on scheduled air services will get their money back if the airline goes out of business, says Transport Secretary Malcolm Rifkind.

Until now, scheduled passengers have not been covered in the event of an airline collapse in the same way as package holidaymakers are. But Mr Rifkind said he was introducing a new compensation scheme for UK airlines. It will involve a special fund financed by a small levy on airlines which will work out at no more than £1 a passenger.

NatWest plans office refit

National Westminster Bank is planning to refurbish a listed office building next to the Bank of England in London at a cost of around £20m.

Halle hall

The government is to put nearly £27m towards a new £46m concert hall for Manchester's Halle orchestra, nearly doubling its previous commitment. The decision comes two weeks after Manchester was given £55m towards its bid for the 2000 Olympics.

Reported speech on the books

Businesses that produce reports in different languages are obvious candidates for machine translation. But so far, real cost savings have been elusive, partly because the available systems only do part of the job. Considerable work is still needed to finalise the text in a specific language.

Dun & Bradstreet's Swiss *subsidiary produces financial* and market reports in English, French, German and Italian. It used to pay out large sums to human translators.

Of 75,000 reports sent to customers each year, 17.2 per cent required translation. This cost the subsidiary SFr 230,000 (£88,000) a year.

Now the company has computerised the translation. Apart from eliminating the cost, it means all reports are delivered quickly whether or not they've been translated.

Some organisations, including the European Commission, use machine-assisted translation in which computers produce a draft of the document in the target language. This is cleaned up to produce the final document.

Dun & Bradstreet Switzerland has managed to avoid the cleaning-up process. Rather than translating grammar, the *company constructed tables of* stock phrases and words that are required in finished reports.

By using only these expressions it is possible to make translations that are entirely accurate.

This approach at first drew criticism from the company's competitors, who claimed it would make the reports too standardised with no freedom of self-expression for the writers. More important, it was resisted from within the company. "We lost the people who wouldn't work with it," admits Adrian Ashurst, managing director.

But customers reacted favourably because they were receiving the same product more quickly and cheaply. Some even preferred the new type of document because it was more consistent. The whole system cost the company SFr250,000.

Philip Hunter

As Europe's single market approaches, **Della Bradshaw** examines systems that translate documents into several languages

Multilinguals on the open road

In less than 10 months' time there will be a single European market: but there will not be a single European language. As a result manufacturers wanting to sell their wares across boundaries will be forced to translate their product information.

Ahead of the pack, Xerox, the US electronics company, has long translated its technical documentation for use in Europe. Although translation services have traditionally been a cottage industry, Rank Xerox turned to computer technology for assistance.

Machines at Rank Xerox in the UK now translate 10,000 pages a year from English into 10 European languages. Mike *Scott, of Rank Xerox's Language* Technology Centre, believes the machines can at least halve the time it takes to complete the task.

As pressure on manufacturers to reduce product lead times increases, computers are proving ever more valuable, says Alan Portela, vice president of marketing for Systran, of La Jolla, California. "Today large corporations that have to translate huge manuals in a short time have only one option – machine translation."

Manufacturers emphasise that time savings can only be achieved if the text follows a narrowly-defined format. "The system can only translate what has been stated in a sentence, not what could possibly have been meant," says Thomas Schneider, manager in charge of linguistics and terminology at Siemens-Nixdorf, in Munich.

This means the systems are *best suited to the translation of* instruction and maintenance manuals, where the documentation is bulky but where clarity of expression rather than elegance of phrase is required. "They are designed to work on logical English – not poetry," says Phil Wrenn, senior appli*cations engineer at Intergraph*, the US computer group.

Nevertheless, different types of translation machines are suited to different types of text. Machines fall into three types:

- Batch systems, where a document is fed into the computer in one language and emerges in a second language. The Systran and Siemens-Nixdorf machines fall into this category.
- Computer-assisted, or interactive, systems where the text is translated a sentence at a time, and constantly checked by a human translator. If the computer cannot find a word in the dictionary, then it will stop and prompt the translator to help.
- Computerised dictionaries, which are used as an aid by translators. Although not as *sophisticated* as the first two, these dictionaries ensure that several translators working on a single text use consistent terminology.

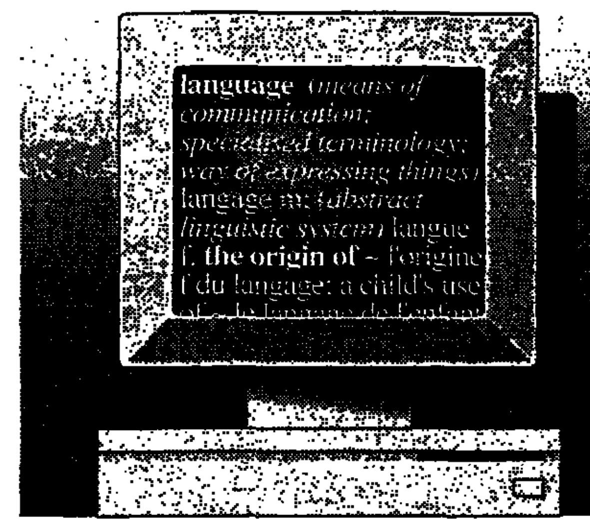
Batch systems are most effective for technical literature and need three types of dictionary, says Jane Mason, language technology consultant at the Rank Xerox Language Technology Centre. These are a general dictionary – English to French, for example; an industry dictionary for, say, the pharmaceuticals industry; and one developed for the specific company.

Working on short, terse sentences – Mason recommends training the authors to write text with translation in mind – the results can be extremely effective. A human translator using a batch system could translate between 5,000 and 10,000 words a day. Most of the manual work would be at the *"post-editing" phase*, once the machine had completed its task. A human translator working alone could manage only 1,500 words a day.

The systems are best suited to instruction and maintenance manuals, where clarity of expression rather than elegance of phrase is required

However, if inadequate preparation is done, the results can be of little use, says Scott. "It's a one-shot system. If it has the wrong terminology it would repeat the error over and over again. When it is below the 70 to 80 per cent correct level, you *might* as well translate it sentence by sentence."

By comparison, interactive systems enable a translator to



handle between 2,000 and 4,000 words a day, but the advantage is that they can be used for translating more general text – sales and marketing infor*mation, for example.*

Many large US companies, such as Eastman Kodak, General Motors and General Dynamics already use machine translation systems. In Europe, companies have been more hesitant, although the German software house Sap and the German subsidiary of Philips are among several large companies that have taken the plunge.

The European Commission, too, uses computer translation systems. It has also begun a programme to develop its own system, Eurotra, which will handle nine European languages. A small-scale prototype has been developed, says Sergei Perschke, programme manager, which can handle scientific and technical documentation. However, he reckons it will be a further 10 years before an operational system can be produced.

"As far as the technology is concerned, the computers are quite appropriate," Perschke points out. "The main problems are linguistic."

Each language presents its own problems, says Schneider. English has a lot of words such as "back", which can be a noun, adjective or participle. In German, on the other hand, words can have an almost free word order – with the object at the beginning of the sentence or the subject at the end.

Recent years have seen a great improvement in the software. Whereas systems used to translate a word at a time, they now work on phrases or whole sentences, and relate one sentence back to another. So if the sentences "The cat sat on the mat. It drank a saucer of milk," were translated, the software would recognise that the "It" of the second sentence referred to the cat, not the mat.

Today's machines also incorporate artificial intelligence techniques. So the Intergraph system teaches itself to recognise the words within the context of the article it is reading, says Wrenn. The first time it translates a document for a particular company or industry it will get only about 45 per cent of the words correct. But learning from the corrections it will achieve up to 95 per cent accuracy by the time the fourth or fifth document, on a related topic, is translated.

On the document production side Systran, Siemens-Nixdorf and Intergraph have all combined translation software with publishing software, so that a document can be produced that incorporates both text and diagrams or photographs.

Developments in computer hardware, particularly of smaller and more powerful machines, have also benefited machine translation customers.

Intergraph, for example, has transferred its software from a Digital Equipment Vax *machine to workstations* running under the Unix operating system and Siemens-Nixdorf plans a similar move.

However, the fall in the price of hardware is unlikely to have a striking impact on the price of the overall system, says Schneider, as the software has proven so expensive to develop – in the case of Siemens-Nixdorf some DM60m (£21m).

"If you look at the development costs, the software is dirt cheap to buy," says Schneider. A typical system with five workstations would cost DM 250,000.

This overhead means that *only large users – those* translating more than 2,000 pages a year – would benefit from buying their own equipment. But both the larger translation agencies, and some of the manufacturers, offer services for smaller companies.

Rank Xerox, for example, sells translation services through its Language Translation Centre. Anyone with a 200-page document for translation would find the service economical, says Scott.

In the US, Systran offers a range of services. Companies can even have on-line access to the Systran database, to send their documentation over the phone line for translation. This costs about $13 (£7.50) a page and, says Portela, is suitable for companies that need between 50 and 100 pages a month translated.

Systran can also carry out the machine translation of a text and then send it to a traditional translation agency to apply the post-editing polish. The documents are then returned to the originating company in a camera-ready form – photos and diagrams included – for printing. Portela estimates the cost of this is about $25 a page. A traditional translator would charge $50 a page.

Revolution at eastern banks

By Eugene Dainov

Western countries took 300 years to move through agricultural and industrial revolutions to the information age of the 20th century. The east European economies are having to do it in the space of a few years.

Nowhere does this apply more than to the banks. The potential for huge turnover has *not escaped the notice* of the two credit and debit card companies, Visa and Eurocard.

Electronic payments through point of sale (Pos) swipe card machines should encourage foreign and local consumer spending through ease of payment, while simplifying shops' accounting and reducing bank costs. Automated teller machines (ATMs) will enable private banks to compete with the traditional savings banks' large but inefficient branch networks.

The dilemma is how to automate, and there are two possibilities. Bankers can invest now in systems *designed to* handle the expected explosion of growth in card usage. This is the route favoured by Eurocard and the main large software supplier, Base 24. Or they can start more modestly and invest in smaller but possibly more flexible systems, as endorsed by Visa and the new lower-cost technology suppliers, such as IFS International.

So far the banks have been divided on which route to take. In Czechoslovakia, Muzo, the joint clearing and settlement company, has based its ATM and Pos network on a Tandem *computer* and Base 24 software. Muzo's first ATMs began operating last month and accept Eurocard/Mastercard and local cards. It also plans to take Visa cards. The company says 500 ATMs should be working by 1996.

Ceska Sporitelna AS (CSAS), the Czech savings bank, will be using a Unix-based IFS system. The bank will have 10 ATMs linked through Unix to Visanet, Visa's authorisation, clearing and settlement system.

Toby Mitchell, Visa's area manager for eastern Europe, thinks Eurocard and its followers are over-optimistic about the short-term market for cards. Among the issues are:

- Low incomes, which will limit fee scales on cards.
- Inadequate telecommunica*tions* – CSAS is having difficulty obtaining just 20 lines to run 10 ATMs.
- Retailer resistance to Pos machines.

Starting costs are also a concern. Mitchell asserts that the combination of Base 24 and a Tandem computer brings the price of hardware and software to $1m (£500,000), compared with a Unix-based package starting at $130,000.

John Bycroft, European area manager of Base 24, disputes this, saying that the price for running five ATMs starts at around $200,000 and expansion to 100 ATMs means spending just $40,000 more.

But cost is not the only factor. Charles Caserta, founder of IFS, says Tandem's closed architecture ties banks to the original hardware and software vendor. "If Base 24 has 1m lines of code, mine has 30,000," he says. "This is immeasurably *easier to understand*, modify and enhance".

Base 24 argues that Unix users face exactly the same problem, because of the variety of systems available.

Fault-tolerance capabilities – which provide an automatic back-up to every part of the system, including telecommunications – form another contentious topic, one which concerns the Giro Card Company, Hungary's equivalent to Czechoslovakia's Muzo. It is considering Tandem equipment because it believes the system's fault-tolerance capabilities are suitable for international payment networks.

But Giro Card Company's projections of 200 ATMs in operation this year have been delayed and there are difficulties in persuading retailers to accept Pos. Moreover, a Tandem/Base 24 system can typically process around 20 transactions per second, but peak hour ATM transactions are expected to reach only 0.36 per second in 1994, making its power largely redundant.

The Giro Card Company may have to invest in a cheaper package, says Edward Collier, of management consultants Ernst & Young. "If you want to automate, you need money," he explains.

BUSINESS LAW

Risky to give professional advice in United States

By Leo Herzel

The US Supreme Court has just agreed to decide an important case involving the egregious Racketeer Influenced and Corrupt Organisations Act (RICO)*.

In 1984 the Farmers' Co-operative of Arkansas and Oklahoma Inc filed for bankruptcy. As a result, the holders of certain unpaid demand notes issued by the co-operative instituted a class action under rule 10b-5 of the federal securities laws, RICO and state law against several defendants including the independent auditor for the co-operative, Ernst & Young.

The main allegation against Ernst & Young was that it had intentionally departed from generally accepted accounting principles in an effort to overstate the co-operative's worth.

The same case had been decided once before by the US Supreme Court but on a different legal issue. In its first decision the Court had decided that the notes were securities under the federal securities law. As a consequence, the plaintiffs became entitled to a judgment of $6.1m.

This time around the legal issue is whether Ernst & Young violated RICO. If so, the plaintiffs would have a right to treble damages. In its past encounters with RICO, the US *Supreme Court has not* provided much help in placing reasonable limits on the statute. Essentially, the Court's attitude has been, Congress did it to us and it is Congress's responsibility to extricate us.

The relevant section of RICO, section 1962(c), provides: "It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity..."

The precise issue the US Supreme Court is being asked to decide is whether section 1962(c) requires proof that Ernst & Young participated in the management or operation of the alleged racketeering *enterprise*.

The lower court had concluded that Ernst & Young's involvement with the co-operative (which had been limited to audits, meetings with the board of directors and presentations at annual meetings of the co-operative's members) did not rise to the level of participation in the management or operation of the enterprise required by section 1962(c).

Except for the warning against violating federal securities laws in the US, a foreign reader reasonably might ask why he or she should be especially interested in this peculiar US legal misadventure. *But there are several important*, general lessons in RICO – in particular for European Community countries since the EC is now embarked on the creation of a vast new system of statutes and regulations:

- Lesson 1: *it is very difficult* to predict how a new statute will be interpreted in litigation under circumstances that are still unknown. RICO originated in a congressional investigation of the activities in business of ordinary hoodlums.
- Lesson 2: bad statutes are difficult to change. No matter how bad, or even absurd, a statute is, it quickly develops an avid constituency who resists change. RICO, for example, has become an industry for plaintiff's lawyers in civil cases and aggressive prosecutors in criminal cases. The RICO lobby in the US remains adamant that the statute is essential to protect us from white-collar crooks. Unfortunately, the US, Japan and Europe provide a continuous stream of financial scandals which can be used by the RICO lobby to support this argument.

There is another, even more remarkable, recent example of the high risks involved in giving professional advice on financial, corporate and securities matters in the US. This one was an administrative proceeding, dated March 2 1992, *brought by the Office of Thrift* Supervision against a large, ordinary, respectable New York law firm, Kaye, Scholer, Fierman, Hays & Handler and three of its partners.

The legal basis for the proceeding *was not RICO but sev*eral new federal laws passed in the wake of the savings and loan scandals in the 1980s.

It is difficult to predict how a new statute will be interpreted in litigation

However, these new laws adopt one of RICO's most remarkable innovations in aid of intimidation by US government agencies: judgment and punishment first, trial later.

As is now usual in US government blockbuster cases that allege white-collar wrongdoing, the administrative notice of charges in this proceeding was complicated, contained many allegations and was very long.

The main charges were that the law firm, and the only three partners specifically named as defendants, co-operated with Charles H Keating Jr in violating banking and securities laws and in deceiving *regulators in connection* with their investigations of the firm's client, Lincoln Savings and Loan Association.

There were also charges that the law firm participated in breaches of fiduciary duty with *Mr Keating against* Lincoln Savings and Loan Association which Mr Keating controlled. The damages claimed were "at least $275m".

The most extraordinary feature of the proceeding was the temporary order to cease and desist issued simultaneously with the notice of charges by the Office of Thrift Supervision.

The order effectively placed Kaye, Scholer and its partners in a kind of receivership with the *Office of Thrift Supervision* as receiver. The firm was required to create an escrow account for its partners' earnings. Depending on the identity of the partner, the firm had to contribute between 50 per cent and 25 per cent of the earnings of each partner into the escrow account. The firm was not permitted to enter into unusual transactions or to dissolve or modify the partnership.

Even more startling, a partner was not allowed to leave the partnership *unless a large* amount of security was provided by the firm or the partner. In addition, the use by partners of their individual assets and earnings for living expenses was restricted and subject to close surveillance by the Office of Thrift Supervision. The only partners exempted from the order were those who became partners on or after December 1 1987.

As a practical matter, it was difficult to see how the firm could continue to operate successfully while the case was being adjudicated by the Office of Thrift Supervision unless a court modified or set aside the order.

Not surprisingly, Kaye, Scholer reached the same conclusion. Over the weekend it entered into a hurried settlement with the Office of Thrift Supervision. It agreed to pay *the government $41m. Two of* the partners named in the proceeding agreed to be barred from representing any savings association or bank whose deposits were insured by the Federal government. The third partner only had to agree not to commit in the future the kind of violations alleged in the proceeding.

Several years ago, faced with the prospect of similar pre-trial restrictions in a RICO case brought by the US government, *Drexel Burnham capitu*lated, paid a huge fine and went into bankruptcy.

In addition, the Resolution Trust Corporation, the federal agency charged with *bailing* out the savings and loan industry has just filed a $150m suit against Deloitte and Touche and a $100m suit against KPMG Peat Marwick in connection with two different failed savings and loan associations.

A flood of such suits against accountants, lawyers and other professional firms who advised failed savings and loans is expected in the near future.

These cases are part of a disappointing regulatory pattern: too late and heedlessly tough when something is finally done. The problem is not unique to the US. One can see something similar in the UK, for example, in the treatment *of BCCI and in the Guinness* and Blue Arrow prosecutions.

On the other hand, although Japanese financial regulation does not appear to be much more efficient than anyone else's in terms of avoiding financial scandals, the Japanese do seem to be much more cautious about limiting the wreckage after the event.

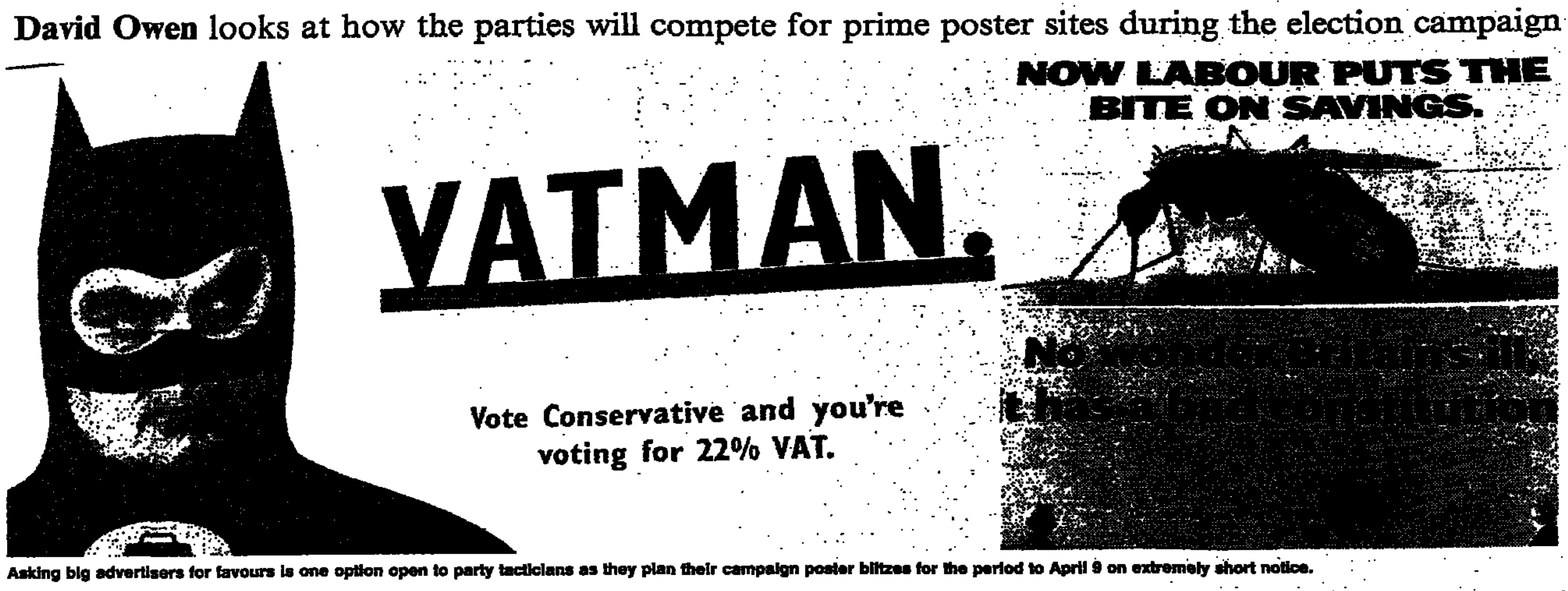
* *Reves v Ernst & Young, No. 91-886.*

The author is a partner in the Chicago office of the US law firm, Mayer, Brown & Platt.

MANAGEMENT: Marketing and Advertising

Tories down a pint for top billing

David Owen looks at how the parties will compete for prime poster sites during the election campaign



Asking big advertisers for favours is one option open to party tacticians as they plan their campaign poster blitzes for the period to April 9 on extremely short notice.

Jeff Palmer is half-expecting a call from one of the hired guns in the Tory publicity machine in the next few days.

With the British general election now confirmed for April 9, he expects soon to be asked whether Allied-Lyons is prepared to relinquish any of its pre-booked poster space during the four weeks of the campaign.

It is a request the brewing and drinks group's head of marketing services will consider with great care.

Asking big advertisers for favours is one option open to party tacticians as they plan their campaign poster blitzes for the period to April 9 on extremely short notice.

"Accessing" as it is known in the trade provides a means of supplementing the billboard space the parties will already have snapped up on the open market, sometimes under the guise of a corporate alias.

It is a technique that has yielded significant dividends – particularly for the Conservatives – in past elections. In 1987, the party was given the free use of several hundred Imperial Tobacco poster sites.

In that campaign, Allied-Lyons decided to hand over about 600 six-sheet and large 48-sheet sites to the Tories for the all-important period. The agreement was struck on a strict commercial basis, with the Conservatives picking up the bill for the space.

Such agreements are described by Palmer as "very last minute" arrangements. A typical 48-sheet site would today command about £300 a month.

For good measure, the Shepton Mallet-based group – whose brands include Teacher's whisky and Courvoisier brandy and which was the second-largest corporate donor to the Conservatives in 1990 – also relinquished one specific site to Labour.

This time, the election campaign is breaking with almost 30 per cent of Britain's 2,200 giant 96-sheet sites carrying advertisements for Castlemaine XXXX, Allied's Aussie lager brand. That campaign is scheduled to run until the end of March – or some nine days before polling day.

"If by chance they were going for 96-sheets, then I guess they would have to talk to us," Palmer says.

In fact, those buying billboard space for the political parties may find themselves more spoilt for choice than in 1987.

Then the advertising industry was buoyant; now it is in the doldrums.

"If you are trying to get poster sites at three weeks' notice you have quite a good chance," says John Klue, director of the Outdoor Advertising Association, a trade body.

Prices have accordingly softened – although the election is widely expected to trigger a recovery to the tune of 15-20 per cent.

An all-embracing 4,000-5,000 site campaign would now cost about £900,000-£1m a month, according to poster specialists.

Political buyers may shortly be further advantaged by the return to the market of an estimated 2,700 48-sheet sites (more than 7 per cent of the national total) that were previously booked by the Central Office of Information (COI) and Benetton, the fashion company.

The COI's planned 1,450-site car crime prevention campaign – due to hit the streets on March 15 for two weeks – is now almost certain to be scrapped following the announcement of the election.

Poster specialists estimate, meanwhile, that about half of the 2,500 sites originally booked by Benetton may ultimately be available for reselling, as a result of the controversy the proposed campaign has provoked.

But the buyers' market has not left those working directly for the parties with time on their hands.

As the phoney election war rumbled on, Poster Publicity – Labour's main poster specialist – was in daily contact with the 20-25 leading UK poster contractors in a bid to "get a detailed idea of what has been sold".

According to Labour officials, the party has already booked just over 100 London sites for the duration of the campaign. This includes its favourite Vauxhall Bridge location in south London.

The majority of these sites have been earmarked for a self-contained poster offensive in the capital.

The Vauxhall location, which is convenient for press photographers and TV cameras, is expected to continue to be used as a prime launching-pad for the party's nationwide campaigns.

Honda in damage limitation drive

By Steven Butler

For Mitsuru Sato, manager of Honda Motor's newly-established vehicle import division, President George Bush's visit to Japan in January had one positive result.

Thanks to the flood of publicity about trade friction in the motor industry, nearly everyone in Japan now knows that Honda dealers are selling Chrysler-made Jeeps.

The downside is that nearly all of these people also think that the Chrysler Jeep Cherokees and Wranglers are poor in quality and overpriced.

Sato's unenviable job is to undo the damage and to avoid the embarrassment to Honda should the company fail to reach its target of 1,200 Jeep sales a year by 1994.

Sato confesses that the criticisms of Chrysler vehicles are, at least partly, justified. "People say the selling price is too high, which we admit," he says. The Jeep Cherokee sells for Y5.2m (£22,900) compared with competing products by Japanese makers which cost between Y3.5m and Y4m.

As for quality, Honda was at first surprised when its customers complained about fit and finish problems in the Jeeps because the vehicles had already established a certain following among customers who bought directly from Chrysler Japan Sales, the importer. Honda customers had higher standards and they were holding Honda accountable for any problems.

It did little good to tell customers that Honda was not the importer and did not set the price or have any control over quality. It was becoming the sort of problem that could erode the loyalty of Honda's customer base.

Sato is attacking the problem in several ways. First, he says Chrysler has been responsive to requests that the company beef up pre-delivery inspections, which are now all done in Japan. He is also encouraging Chrysler to pare down the delivery cost to reduce prices.

Sato is also trying to persuade Honda dealers to adopt a more positive attitude toward the Jeeps. There is clearly a potential market in Japan where 200,000 four-wheel-drive vehicles were sold last year. Chrysler Jeep sales totalled only 1,700, of which 437 were sold by Honda.

Sato is trying to convince Honda dealers that problems with quality are not as severe as many believe. After all, Sato reasons, Chrysler is selling 180,000 Jeeps a year in the US. And while the Jeeps have been recalled in Japan for defects, it is not uncommon for Japanese cars to be recalled too.

Perhaps more important, Honda has set up a service support system for the Jeeps. "We are saying (to our dealers) – don't worry, we'll take all responsibility," says Sato.

Slowly, Honda dealers are coming around to support the idea and about 100 of Honda's up-market and sports car dealers have expressed interest in selling the vehicles.

Sato figures that selling cars is like multiplication, in which quality multiplied by image, price, service, and promotion equal sales. Unfortunately, a zero in any column reduces final result to nil and that is not very far from where matters stand today.

Sato says the image of the Jeep name itself is potentially a great asset, since the Japanese think of it as a vehicle that storms through deserts and jungles and wins wars. And the snob appeal of owning a foreign vehicle – even in Japan – means that Jeeps may still sell well, even if priced Y500,000 higher than the competition.

Best foot forward

This would seem an odd moment for a company to double its expenditure on advertising, with the industry in deep recession. Yet you would have to run fast to keep up with what Reebok International is spending on marketing. John Duerden, president and chief executive of the sports shoe company, has set an advertising budget of $220m this year, almost twice as much as last year.

Reebok has 26 per cent of the world market, worth some $24bn (£13.6bn), against Nike's 30 per cent. With its decision to increase its advertising spending, a battle royal with Nike, rather like that between Coke and Pepsi, is about to be joined.

The Reebok group first hit sales of $1bn in 1986 but in that year spent only $11m on advertising. Last year, to support sales of $2.7bn the company was spending 10 times as much on marketing.

Duerden is convinced that Reebok must think in global terms, and is launching a worldwide campaign in August. The new slogan, "The World's Greatest Athletes Wear Reeboks", will be backed by two American Olympic decathletes.

Though not an official Barcelona Olympics' sponsor, Reebok will be sole sponsor of the NBC network coverage of the games. US Olympic medal-winners will be seen wearing Reebok apparel.

Other techniques will include direct marketing through a quarterly newsletter, expansion of Reebok's fitness clubs, an extension of its "Sisters' Network" – running clubs for women organised in conjunction with Running Magazine.

Duerden is also supervising product development to push Reebok to the forefront of top athletes' minds with a new running shoe some 3 ounces lighter than anything else on the market. The "Instapump" eschews conventional laces; using instead a CO_2 gas cylinder to pump it up so that it fits like a glove on the foot.

The shoe will not be sold before March 1993 – and will cost a staggering £100 or more – but the technology will eventually filter down into the type of running shoes bought by ordinary consumers.

Gary Mead

CINEMA

The mid-life crisis of an out of work drugs courier

If Paul Schrader's lithe moral thriller *Light Sleeper* were a pop single, it would be issued as the flip side to *The Last Temptation Of Christ*. Here is star Willem Dafoe as another vernacular-tongued martyr, this time a drugs courier crucified on New York's narcotics-for-the-rich business. Here is Susan Sarandon as his lady boss playing two neo-Biblical Marys in one, part mother figure, part universal hooker. And here is the film's backing group – let us call it "Paul Schrader and the Calvinists" – thumping out chords of guilt and redemption as our turning-forty hero tries to process a mid-life crisis into a giant gesture of salvation.

Miss Sarandon is about to go straight, swapping cocaine for cosmetics. And Mr Dafoe is *about to be left on the street* with sirens whistling around him, a lady friend high-diving from a penthouse and a crime-world Mr Big pointing at him the business end of his Smith and Wesson.

Film-maker Schrader screen-wrote *The Last Temptation* and also wrote and/or directed *Taxi Driver*, *American Gigolo*, *Mishima* and *The Comfort Of Strangers*. His world is one of violence, hedonism and late – tragically late – attempts at spiritual self-improvement. He is Bresson cocktailed with Peckinpah and one is amazed that he has taken so long to direct a film in New York. Here America's doomed high-rollers gather in strength, stacked up from the sidewalks to the stars. And the wail of human distress – police cars, ambulances, fire engines – is the city's non-stop municipal anthem.

Wonderfully, *Light Sleeper* combines outer turmoil with an intricately mapped inner life. Dafoe's hero leads a fly-weight-Dostoevskian existence. His off-duty hours are spent penning a diary and compiling existentially gratuitous "lists" (famous people whose eyes don't match, famous left-handed people). His duty hours are spent eyeballing death and degeneration. As an expensive door-to-door supplier, he feels conscience-*bound to visit clients when* they are ill or to hear their confessions or to nod interestedly at their stoned philosophising.

Meanwhile his ex-wife (Dana Delany), a former addict now turned squeaky clean, resists his renewed overtures. And Miss Sarandon, a human bird of prey with a flair for scarlet dresses and throat-ripping executive efficiency, politely discourages his interest in her planned cosmetics take-off.

In addition to larger matters the movie is all about what it feels like, on a bad day, to be forty. The despair-bearing *future* presses *down from* above; the guilt-bearing past presses up from below; and the present is a tiny crawlspace where we try to do what we can in limited time with limited funds in limited daylight.

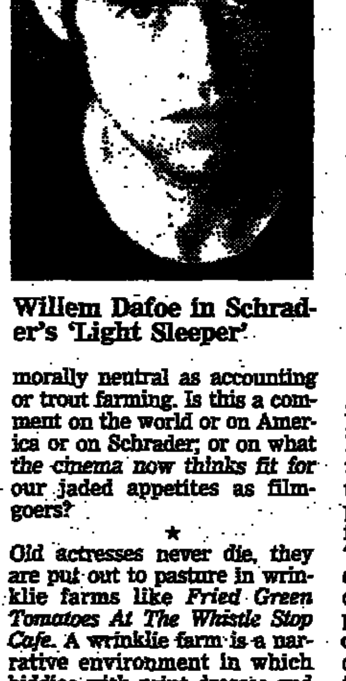
Schrader may leave his characters naked and desperate, but he gives his film a rich metaphorical set-dressing. He sites his tale of silted-up lives seeking salvation in a garbage-strewn Manhattan (there is a collectors' strike) where hotels *and apartments are* full of wry beckonings to a better life. Their interiors even hint at spiritual grace through New *Testament visual echoes*. A reproduction of a Vermeer portrait leans Madonna-like over a love-making sequence; fishing tableaux *gaze* down on *smart* eaters in a restaurant. And a montage of overhead shots catches the *sleeping Dafoe in* a sculptured swirl of bedsheets like a low-life Pieta.

My only, not quite minor question: Should we even ironically be looking at a drug runner's life as if he were a modern-day messiah? Unlike Robert De Niro in *Taxi Driver*, Schrader's other Manhattanite agonistes, Dafoe is no psychotic purging *society of its* ills. He is a nice guy – or made to seem so – even when helping people shovel poison up *their noses or into their* veins. The drugs trade in *Light Sleeper* is made a milieu as morally neutral as accounting or trout farming. Is this a comment on the world or on America or on Schrader; or on what *the cinema now thinks fit for* our jaded appetites as filmgoers?

LIGHT SLEEPER
Paul Schrader

FRIED GREEN TOMATOES AT THE WHISTLE STOP CAFE
John Avnet

HEAR MY SONG
Peter Chelsom



Willem Dafoe in Schrader's 'Light Sleeper'

★

Old actresses never die, they are put out to pasture in wrinklie farms like *Fried Green Tomatoes At The Whistle Stop Cafe*. A wrinklie farm is a narrative environment in which biddies with print dresses and Southern accents yatter on dispensing wholegrain folk wisdom. Here Jessica Tandy, 1990 Best Actress Oscar-winner for *Driving Miss Daisy*, draws the short straw – indeed all but wears it in her mouth – as a silver-haired pastoral crone *given to long-haul reminis*cence. The slightly longer straw is drawn by Kathy Bates, 1991 Best Actress Oscar-winner, *playing* a downtrodden Alabama housewife schooled to rebellion by Miss T's tales of her own tomboy childhood.

They meet in a hospital waiting room and are soon fast friends. Did I say fast? The film lasts 130 minutes and dawdles "lovingly" over every flash-backed Tandy anecdote – ah the times she had running the racially defiant Whistle Stop Cafe (negroes welcome) and helping best friend Mary-Louise Parker escape her rotten hubby – and alike over every one of Bates's asinine present-day adventures in spouse defiance. Miss B knocks down walls, *serves nouvelle cuisine* meals and shocks her husband with frank talk. The *last* time Bates treated a man like this, James Caan in *Misery*, it was considered a horror story.

This extended feminist fable is directed by Jon Avnet from Fannie Flag's Pulitzer-nominated novel. I have not *read it*, but I feel as if I have. I also feel that Miss F should be flagged down before providing further *quaint-old-dear* fodder for actresses who deserve better. As it is, Tandy does what she can with tiny flourishes of wit, mis*chief* and expressive rubato: shining like a naughty deed in a goody-goody world. And Bates, not yet a wrinklie but apple-cheeked enough to be press-ganged 30 years hence if not careful, has one gloriously destructive scene showing how to park a car in a crowded shopping mall. Take your least favourite driving-test examiner.

★

We have all had those experiences when what we thought was dead suddenly sits up and proclaims itself alive. It may a well-loved aunt or a semi-recumbent aspidistra. Peter Chelsom's *Hear My Song* is a good British comedy, a genre we thought long defunct, and thus enrolls itself instantly in the same syndrome.

Indeed the genre not only sits up here, it dances across the hospital floor, seizing car*nations between its teeth and* molesting the nursing staff. The star and co-writer is Adrian Dunbar, a young actor *who resembles a tousled anteater*. He blarneys his way beguilingly through the tale of an Irish-Liverpudlian cabaret agent (himself) who seduces from retirement the famed tenor and tax exile Joseph Locke (Ned Beatty).

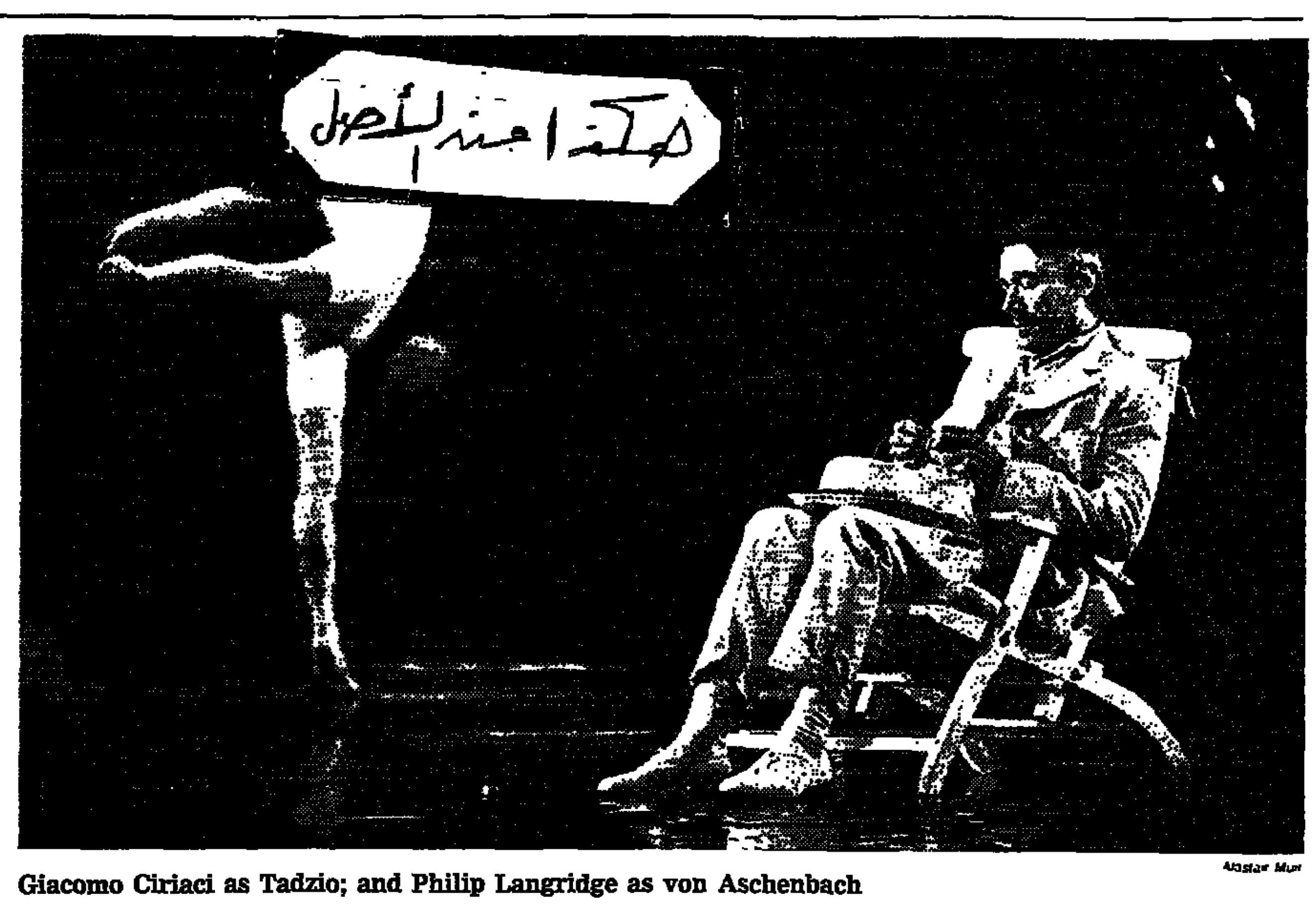
Locke's warbling heyday, you recall, was the 1950s: hence the film's fictionalised swarm of older fans who enthuse Dunbar with their oohs and aahs at Locke's memory. They include the singer's one-time girlfriend, Shirley Anne Field, now the mother of Dunbar's own girlfriend Tara Fitzgerald. But never mind all *that. The film catches alight in* the gaps *between* its narrative planks, when improvisational flames shoot up between one "What next" and another. Two overweight bouncers do a delicate soft-shoe shuffle on a pavement. A bewildered cow on a chain almost disappears down a well. A chap in a battered trilby called Franc Cinatra outshines the real thing.

This is *Broadway Danny Rose* gone to its spiritual home, Ireland, via framing scenes in Dunbar's adoptive Liverpool. In both habitats first-time director Peter Chelsom displays blissful assurance. He *stalks and outsmarts the* lurking comedy (from a chaos-prone cattle auction to a vainglorious Locke impostor), he never mugs *it. And look at the* thoughtful richness of the visuals. An eerie, tremulous tracking-shot captures the menace of a moonlit field; a firelit cellar glows fiery orange in one corner, for a row between comeback-shy Locke and our hero, leaving a cold blue space in another where they complete the business end of their chat. The film could have been a birdbrained *Carry On Cabaret Agent*. Instead it is a sly, imaginative, off-the-wall delight, somewhere between early Bill Forsyth and any-time Flann O'Brien.

Nigel Andrews

Death in Venice

COVENT GARDEN



Giacomo Ciriaci as Tadzio; and Philip Langridge as von Aschenbach

Alastair Muir

This remarkable opera returns to Covent Garden nearly 20 years after its first appearance there (four months after the Aldeburgh first performance, in the Aldeburgh staging). *Then, and in the subsequent* 1975 and 1978 revivals, the performer of Gustav von Aschenbach was Peter Pears, for whom the role was written; thereafter, three leading English tenors proved able to develop it beyond the confines of the "premiere production" – Anthony Rolfe Johnson (for Scottish Opera), Philip Langridge (also for Scottish Opera), and Robert Tear (for Glyndebourne Touring Opera).

On Tuesday the Aschenbach was Mr Langridge; and his magnificent performance may be taken as a symbol of the way the work itself has taken root and blossomed over the intervening years.

He is, needless to say, not "better" than Pears or the other tenors also mentioned; but he makes the work so completely his own that, at least while we watch and listen, it seems impossible to imagine it differently done. In the last 12 months Mr Langridge has already shown to London audiences his superbly achieved accounts of Peter Grimes and Captain Vere at the ENO, so his ability to compass with *absolute mastery the last, lon*gest and perhaps most taxing of the roles Britten wrote for Pears was hardly in question.

*It is the combination of com*pleteness and naturalness in the delivery that I find so astonishing. No touch of "art" seems to mark Mr Langridge's eloquent utterance of words, no sense of voice-managing his leanly graceful colouring and shading of phrases. Every hint of actorish self-consciousness has been purged from his absorption, physical and spiritual, into the character's development.

The conversational tone adopted at the start is fluent, accurate and easy; it lends to Aschenbach's piano-accompanied recitatives of meditation a quality of privacy, of rugged, rueful honesty-with-self that sets the tone for the opera's journey into uncharted areas of the psyche. A theatre properly a couple of sizes too large for this opera shrinks in dimensions around its central character; and because Mr Langridge and the producer, Colin Graham, appear to have worked *so* closely together to shape the drama as a fluid unfolding with Aschenbach as its fixed focal point, the perfor*mance gains a musico-dramatic* intimacy of rare vibrancy.

One seems to see the world through Aschenbach's eyes, *breathe with him, feel his* shocks of emotional awareness at first hand. In theory (formed by past experience of the work in the theatre) Act I is badly in need of nips and tucks to the 77-minute-long text that Britten was never able to authorise; in practice I was, on this occasion, gripped almost without let-up throughout the whole opera. This is, of course, not just the hero's doing; the parts played by the conductor, Steuart Bedford, in supporting and sustaining the peculiar quality of intimacy noted above, and by Mr Graham in creating an ensemble that catches and contains it, are splendidly evident.

In common with Deanne Bergsma (a consummately elegant and delicately characterised Lady of the Pearls) but unlike Mr Langridge, they belonged to the 1973 team of *Death in Venice* "creators"; it is wonderfully satisfying that their grasp of the work should *have matured so obviously*. The diaphanous sound-world of the opera, its transformations from mysterious murkiness to *translucent brightness, its* "psychological" uses and contrasts of timbre, are native territory to Mr Bedford; its struc*tural forms are second nature* to Mr Graham.

The production is in fact entirely new, though linked with the old one by John Piper's original designs, which now serve (along with turn-of-the-century black-and-white Fortuny photographs of Venice) as projections on the three screens, framed by gleaming silver poles, that form the entire set. A revolve whirls new scenes and locations into place, and proves a vivid, never too obvious metaphor for the sea-changes which, in all senses, Aschenbach undergoes.

On Tuesday the manipulation of imagery seamlessly growing and fading in intensity seemed not yet entirely smooth; but the style of the production is so carefully gauged, and so "right" in arguing its own case, that passing imperfections were of small importance. Mr Graham has not sought out a *Death in Venice* stripping-away, of the kind so brilliantly undertaken by Glyndebourne Touring Opera in 1989. In its freshness *and acuity of understanding* his staging has its own proud modernity.

Alastair Macaulay will be *writing about Kim* Brandstrup's new choreography. My feeling is that, in its closer involvement in the "storyline", the dance element now serves the larger demands of the opera more successfully than first time around, marvellous though Ashton's beach games were in dance terms; and that the Tadzio of Giacomo Ciriaci is the best the work has yet seen, an embodiment of the "mortal child with more than mortal grace" unforced in dramatic vigour and un-cloying in beauty and grace.

Of the large singing cast, expertly positioned and moved, there must be at least brief mention of Michael Chance's limpid offstage Voice of Apollo and of Linda Kitchen's onstage Strawberry Seller, Paul Crook's Hotel Porter and Bruno Caproni's English Clerk (a marvellous small part strongly sung). To the various embodiments of the Traveller Alan Opie brings virtuoso *showmanship infused with a* perfectly judged degree of menace, and a voice impressively clean and flexible if lacking a *degree of bass-baritone dark*ness.

This is an opera whose protagonist, a mature man and artist, embarks *on a voyage of* sensual self-discovery which brings with it both life and death: substitute AIDS for cholera, as many in Tuesday's audience must constantly have done, and *Death in Venice* becomes (in the words of Mr Graham's programme postlude) "more topical than ever for all such sufferers and to those who must have compassion for them". But topicality alone is not the reason why the stature of the work should seem to grow with each passing year.

Max Loppert

Goin' Local/The Foursome

THEATRE ROYAL, STRATFORD EAST/BARONS COURT THEATRE

Two plays at opposite ends of London suggest, when compared, that English self-confidence is continuing to decline. Both have strongly regional backgrounds, but neither is entirely cut off from the national scene.

The Foursome by Ted Whitehead *was first performed at the Royal Court* Upstairs in 1971. It was described at the time as "dirty", a word that now sounds curiously archaic. Certainly *it contains some* overt-ish sex, including a male strip before such acts became a minor cult. For the rest, it is a sharply written tale of two boys picking up two girls and spending the Sunday with them on a Merseyside beach. That was when the Beatles were still going strong and there seemed scarcely a cloud on the horizon. No-one is out of a job, even if the work force is not highly motivated.

At the end, the boys dump the girls to make their own way back to Liverpool. But there is no reason to think that the girls will be particularly aggrieved: they have given as good as they got, and it's on to the next weekend. Recognition of Merseyside's problems came later.

Revived at the Barons Court Theatre in west London, with some of the old 1960s songs thrown in, the play now looks like a piece of nostalgia, though *it was notable that a predominantly* young audience took to it warmly, perhaps believing that nothing has changed.

There is no such optimism in Tunde Ikoli's *Goin' Local*, which had its premiere at the Theatre Royal, Stratford East on Monday. Here is *the home of the old, proud Cockney* London that defied the blitz. It appears to have lost its spirit and to be succumbing to Docklands almost without a fight.

The setting of Ikoli's play is a very good one: and old cab company running derelict cars with derelict drivers in a derelict area. The cabbies try their hardest to avoid inspection by social security, whose benefits they draw without declaring their earnings. Can such security last?

The answer depends on whether there is such a species as Cockney yuppies. One would have thought that there always was: before the term "yuppy" was invented, they were called spivs. In the Docklands era, however, they come sprouting modern business language, looking for the PBO (perfect business opportunity) and aware that in the late 1980s it was much easier *to borrow from banks than rob them.*

The yuppies take over and introduce "passenger-friendly" cars (*i.e.* Mercedes), although in the end they, *too, might get their come-uppance* for continuing to defraud social security, just like the simpler, nicer, older Cockneys before them.

Not a bad plot: the weakness lies in the play's funereal slowness. These Cockneys don't make many jokes any more: they don't fight; they whinge. It is as if they know they are beaten and no longer bother to protest. One of their complaints is against the men who come down from the north, sleep in the open "without overheads" and can afford to accept low wages.

The production, directed by Philip Hedley, could improve considerably if it were speeded up. But Hedley is an experienced producer, so one can only assume that the slowness is deliberate.

The Foursome at Barons Court is not like that at all. The direction by Maximillian Jacobson-Gonzales is as electrifying as some of the best of the Beatles' songs. So is the playing.

It is a shining example of how to use the small space of a pub theatre: exploit every square inch you can. *Goin' Local* looks more like an exercise in how to fill up a stage while keeping the actors static. Nevertheless, both pieces tell you something about contemporary England.

Malcolm Rutherford

Alastair Muir

'Goin Local': Paul Barber, Kate Armatrading, Kate Williams

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Riccardo Chailly conducts the Royal Concertgebouw Orchestra in *Messiaen's Turangalila Symphony*. Repeated tomorrow afternoon in Utrecht and on Sun afternoon in Amsterdam (6718 345)
Muziektheater 19.30 Hartmut Haenchen conducts Pierre Audi's production of Mozart's Mitridate, with a cast including Bruce Ford and Jochen Kowalski, also Sun afternoon and Tues (6255 455/credit card bookings 6211 211)

■ BERLIN

Schauspielhaus 20.00 Claudio Abbado conducts the Berlin Philharmonic Orchestra in Schubert's Fourth Symphony and Beethoven's Fifth, *repeated* tomorrow evening and Sat afternoon. Sun and Mon: David Zinman conducts the Berlin Radio Symphony Orchestra *in music* by Brahms, Mendelssohn and Schumann, with Radu Lupu piano soloist (East Berlin 2090 2156)
Deutsche Oper 19.30 Peter Schneider conducts Günter Krämer's production of Die Entführung aus dem Serail, with Luba Orgonasova as Konstanze. Tomorrow: The Makropoulos Case. Sat: Lucia di Lammermoor with Lucia Aliberti and Alfredo Kraus. Sun: Le nozze di Figaro (West Berlin 3410 249)

■ BRUSSELS

Maison de la Radio 20.30 Roland Kieft conducts the Belgian National Orchestra in music by Berio, Saariaho and Ledoux (507 8200). Tomorrow and Sun afternoon in the Monnaie: Philippe Herreweghe conducts a new Pascal Dusapin/Heiner Müller music-theatre work, plus Dido and Aeneas (219 6341)

■ CHICAGO

Orchestra Hall 20.00 Erich Leinsdorf conducts the Chicago *Symphony* Orchestra in Schubert's Third Symphony, Stravinsky's Orpheus and Offenbach's overture to Orpheus in the Underworld, *repeated tomorrow afternoon and* Sat evening. Sun afternoon: Maurizio Pollini. Sun evening: Chicago Arts Quartet (435 6666)

■ GENEVA

Victoria Hall 20.30 Friedemann Layer conducts the Orchestre de la Suisse Romande in Bartók's First Piano Concerto (soloist Zoltán *Kocsis) and Beethoven's Fourth* Symphony (292511). Tomorrow in Grand Théâtre: Layer conducts first of seven performances of Francois Rochaix's production of Cosi fan tutte (212311)

■ THE HAGUE

Danstheater 20.15 Nederlands Dans Theater in William Forsythe's *Steptext and three choreographies* by Ohad Naharin. Repeated tomorrow and Sat (360 4930)

■ LONDON

THEATRE
● The Recruiting Officer: Nicholas *Hytner directs the National* Theatre's new production of George Farquhar's 1706 comedy, designed by Ashley Martin-Davis. *The cast includes Sally Dexter and* Alex Jennings. Opens tonight, with further performances tomorrow and Sat, also March 24, 25, 26 (*Olivier 071-928 2252*).
● Heartbreak House: G B Shaw's classic directed by Trevor Nunn, with an all-star cast including Vanessa Redgrave, Paul Scofield and Imogen Stubbs. Currently previewing, opening night March 19 (Haymarket 071-930 8800).
● Measure for Measure: Trevor Nunn's Royal Shakespeare Company production. Runs till April 25 (*Young Vic 071-620 0411*).
● Uncle Vanya: Ian McKellen and Antony Sher outstanding in the National's subtle studio production directed by Sean Matthias. Tonight, tomorrow and Sat, plus March 20-26 (Cottesloe 071-928 2252).

● For ticket information about all West End shows, phone *Theatreline from* anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962
MUSIC
Covent Garden 19.00 Jeffrey Tate conducts John Schlesinger's production of Les Contes d'Hoffmann, with Jerry Hadley and Gregory Yurisich. Tomorrow: Death in Venice. Sat, Mon, Tues: Kenneth *MacMillan's Manon (071-240 1066)*
Coliseum 19.30 Jacek Kaspszyk conducts Jonathan Miller's ENO production of Il barbiere di Siviglia. *Tomorrow: revival of David* Freeman's production of Monteverdi's Orfeo. Sat: Street Scene (071-836 3161)
***Barbican** 19.45 Colin Davis* conducts the LSO in Beethoven's Triple Concerto (soloists György Pauk, Ralph Kirshbaum and Peter *Frankl) and Bruckner's Seventh* Symphony. Tomorrow: Andrew Davis conducts Beethoven, Strauss and Prokofiev. Sun at 16.00: Maria *Joao Pires piano recital. Sun at* 19.30: Jeffrey Tate conducts the LSO (071-638 8891)

■ MADRID

OPERA
Teresa Berganza sings Carmen tomorrow at the Teatro Lirico La Zarzuela, in a production by Pier Luigi Pizzi, with Luis Lima as Don José and Justino Diaz as Escamillo. There are four further performances till March 29 (429 8225)
CONCERTS
Gabriel Estarellas gives a guitar recital tonight at the Auditorio Nacional de Musica. This week's Spanish National Orchestra concerts (tomorrow, Sat, Sun) are conducted by José Collado, and include Jolivet's Flute Concerto (soloist Juana Guillem) and Tchaikovsky's Fourth Symphony (337 0100). Tomorrow at Edificio *Cuzco, Cristobal Halffter conducts* a programme of new music by Halffter and Wolfgang Rihm (581 7719)
JAZZ
Concierto de Clamores Dixieland Band plays tonight at the Sala *Galileo Galilei (593 2200)*

■ MUNICH

***Staatsoper** 19.00 Bavarian State* Ballet in John Cranko's production of Romeo and Juliet. Tomorrow: Lucia di Lammermoor with Edita *Gruberova. Sat and Mon: Minkus'* ballet Don Quixote. Sun: Boris Godunov (221316)
Herkulessaal der Residenz 20.00 *Trio Wanderer plays piano trios* by Mozart, Haydn, Schumann and Ravel. Tomorrow: Udo Zimmermann conducts the *Bavarian Radio Symphony* Orchestra in music by Nono, Henze and Zimmermann. Sat: Prazak Quartet, with Alexei Lyubimov, *plays Schumann's Piano Quintet* (299901)
Philharmonie 20.00 Georg Hörtnagel conducts the Bamberg Symphony Orchestra in music by Schubert and Johann Strauss. Sun: Leopold Hager conducts concert performance of Lortzing's comic opera Der Waffenschmied (48098 614)
Kammerspiele 20.00 Five short *plays by Samuel Beckett, repeated* on Sun. Sat and Mon: Dieter Dorn's production of King Lear (237 21328)
● A selection of theatre and concert *tickets is available at* Konzertkasse Beck on the fourth floor of the Beck department store at Marienplatz 11

■ NEW YORK

Avery Fisher Hall 20.00 Leonard Slatkin conducts the New York Philharmonic Orchestra in Schumann's Piano Concerto *(soloist Mitsuko Uchida) and* Shostakovich's Sixth Symphony. Repeated tomorrow at 11.00 and *Sat at 20.00 (875 5030)*
Metropolitan Opera 18.30 James Levine conducts Parsifal, with Siegfried Jerusalem, Bernd Weikl, *Kurt Moll and Waltraud Meier*. Tomorrow: Le nozze di Figaro. Sat: Rigoletto. March 19: first night of Otto Schenk's new production *of Elektra, with Hildegard Behrens* (362 6000)
State Theater The St Petersburg National Opera, the Russian city's *second opera company (formerly* known as the Maly Theatre), makes its US debut next Tuesday at the start of a three week New York *season. The repertory consists* of Boris Godunov, The Golden Cockerel and Queen of Spades. All performances will have English *surtitles (307 4100)*

■ ROME

Teatro Olimpico *21.00 Michele* Campanella and the Quintetto a Fiati Italiano in a programme of French chamber music, including Poulenc's Piano Sextet and Roussel's Divertissement (323 4890). Tomorrow and Sun at Teatro dell'Opera: La Gioconda (488 3641)

■ VIENNA

***Staatsoper** 19.00 Carmen with* Agnes Baltsa, Neil Shicoff and Barseg Tumanyan, repeated on Sun with Luis Lima as José. Tomorrow: L'elisir d'amore with Pavarotti. Sat: La bohème with Katia Ricciarelli as Mimi (51444 2960)
Ronacher 20.00 Hahizé-Club dance group from Ivory Coast, also tomorrow. Sat, Sun, Mon: *Repertory Dance Theatre of Utah* (586 1676)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
0830-0900 (Tues) Spiegel TV – Intl Report – the real world of documentary
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-2200 (Fri) Spiegel TV – Intl Report

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

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Thursday March 12 1992

An election that matters

THIS IS the most important British election since Mrs Thatcher won power in 1979; it is the least important. Both cases can be powerfully put.

The strongest argument for the second point of view is that since elections are largely about economic wellbeing and there is a consensus upon the largest macroeconomic questions, there is little to choose between the main parties, other than personalities.

This scramble for the commanding centre ground of British politics was reinforced this week by a clothes-stealing budget and is underpinned by other, stronger forces: Britain's diminishing independent role in world affairs and a continuing erosion of class identities, to name the two most obvious.

To conclude from this, however, that the contest is only about nuances would be wrong. The fact that the mainstream political debate in Britain no longer encompasses unilateral nuclear disarmers, EC quitters or unreconstructed Keynesian or monetarist economists makes the election harder to read and closer to call than any since 1974, but it does not make it unimportant.

Anyone who cares about Britain's future should be glad that the political debate is being conducted within sensible parameters: the justification for political extremism was extreme problems. Thanks to Margaret Thatcher, Britain is a more competitive, realistic place. No party proposes to cast aside her main achievements of a reduced state and a contained trade union movement, although there are grounds for asking how Labour's instincts on these matters would develop once its ministers had settled into the seat of power.

Interesting terrain

But the most interesting terrain in this election is that which neither Thatcherism nor old-style Labour socialism has been able to cultivate successfully, namely those public services upon which a modern economy is heavily dependent. These include a disastrous secondary education system; local government, which has lost its independent fiscal base and its sense of purpose; and a labour market, battered by legal change and economic boom and bust, still failing to train enough skilled workers.

The common theme here and in other areas, from health to the regulation of utilities, is broadly that of governance. To whom are teachers responsible for their performance? Boards of governors, local education authorities or directly to the education secretary? What do we think local government is for: an agency for delivering central government programmes or an expression of democratically accountable civic will? Can training be left safely to quangos, whose membership is settled in Whitehall and whose overall accountability is vague, but in effect directly to the employment secretary?

On all sides there is an urgent need for stable, efficient policy delivery mechanisms, locally accountable and unbeholden to producer interests. Neither citizen's charters, nor direct labour organisations will do the trick.

Difficult issues

These are deeply difficult issues for a society divided for so long along the socialist-conservative faultline. For all the turmoil of recent years, Britain still lacks a lively, imaginative politics of the centre, capable of resolving such matters in a way that commands the widespread confidence that leads to institutional stability.

Happily, pressures are at work in British politics which should assist this process of change. The re-shaping of Westminster in the light of EC developments is one force; Celtic devolutionists are another. Both these pressures are reflected in a constitutional debate certain to be prominent in a campaign everyone knows could lead to a coalition government.

It is not that regional devolution and proportional representation can themselves solve Britain's problems; more that the processes involved offer the best hope of the sort of true consensus-building needed for Britain to re-discover stable and accountable institutions. An elective dictatorship in London is incapable of imagining what is needed, let alone delivering.

The governance question, of course, is not confined to these matters in this election. It must also be asked: if the Conservatives win, will Labour self-destruct in a way which yields semi-permanent Tory government enlivened only by factionalism, as in Japan? If Labour wins, will it seek allies in Europe for a centralising, interventionist pan-European state?

This may not be so much fun as the old Punch and Judy show. It is less clear when to hiss and when to cheer. But they are issues the parties must address in their manifestos and on the hustings. Then the people can decide.

Overkill in Japan

ANOTHER financial scandal in Japan is not, at first glance, the kind of thing to set the *gaijin* pulse racing. It looks suspiciously like the modern equivalent of the old newspaper headline about a small earthquake in Chile. At second glance, the news that the president of Daiwa Securities, Japan's second largest securities house, has been forced to resign looks more disturbing – and not simply because the losses that precipitated the resignation, equivalent to more than half a billion dollars, look vertiginous.

When a stock market falls by more than 40 per cent after a period of monetary excess, it is inevitable that the misdemeanours of the easy money period will be exposed. In a country where corrupt money politics has long been endemic it is also likely that senior politicians will be touched by the resulting scandals. But the cumulative impact of all these murky revelations from Japan makes it harder and harder to contain the fall-out.

The unique feature of the Japanese political and economic structure is the role that consensus has traditionally played in the decision-making process. The scandal at Daiwa is just the latest manifestation of the way in which the pricking of the 1980s asset price bubble has undermined many of the subtle trade-offs and unwritten checks and balances that constituted the mechanics of the consensual process.

Somebody in the system has to take the losses that stem from the collapse of the stock market; nobody wants to honour the guarantees, unwritten or otherwise, that securities firms offered to their clients against falling share prices during the boom, because the sums are too large. So executives at Daiwa, and no doubt elsewhere, shunted the losses between client accounts with different book closing dates, in the hope that share prices would recover before the innocent victims discovered that they had been saddled with other people's losses.

When the music stopped, the victims chose to sue and the verdict proved expensive for Daiwa.

Similar problems now infect the wider political and economic fabric. In monetary policy the Bank of Japan theoretically enjoys independence. Yet its freedom of manoeuvre was constrained, in the past, by the mutual understandings that have governed the workings of the bureaucratic and political establishment.

Not so today. Mr Kiichi Miyazawa is a lame duck prime minister, having suffered from both the Recruit Cosmos scandal and the Kyowa bribery affair, and he is surrounded by tainted acolytes. The squeaky-clean head of the Bank of Japan, Mr Yasushi Mieno, has seized the opportunity to strengthen his fiefdom. He has ignored recent calls from politicians for lower interest rates.

The result is monetary overkill at a time when there is a huge debt overhang, the banking system is weak and the great locomotive of Japanese growth in the late 1980s, industrial investment, has ground to a halt. While the establishment consensus remains modestly optimistic about growth, both the official statistics and the quarterly Tankan business survey suggest that Japan could well be heading for the worst recession since 1974. For the rest of the world such stringency on the part of the world's biggest creditor country implies downward pressure on asset prices, whether of US Treasury bonds, diamonds or Impressionist paintings, and mounting trade friction as the Japanese current account surplus soars.

It is time for Mr Mieno to declare victory in his bureaucratic battle and to address the real problem. What price autonomy, if the economy sinks?

The man who would be king

Super Tuesday put Bill Clinton ahead of the Democratic pack, but he is still an uncertain bet for the smart money, says **Jurek Martin**

The smart money, of course, was always on Bill Clinton. The smart money is also not infallible. At various times this year it thought Bob Kerrey was the visionary answer to the Democratic prayer and that Pat Buchanan would fold his tent after New Hampshire and leave the Republican right-wing field to David Duke. But at least the bet on the governor of Arkansas looks good today.

Looking good in March, however, is not a great guide to November, as any number of would-be presidents have discovered. Winning eight out of 11 Super Tuesday primaries puts Mr Clinton comfortably ahead of the pack, the incontestable front runner. But it also makes him a target for those left in the race and for those inside the Democratic party who do not want him as the candidate.

Over the next six weeks, he must continue to win big in big states – Illinois and Michigan next week, New York, Wisconsin and Pennsylvania next month. The way the Democrats apportion delegates to their convention, using proportional representation and an allocation of votes to the uncommitted and to party grandees, means he might have to wait until California on June 2 to wrap things up – and a lot can go wrong between then and now.

Paul Tsongas and Jerry Brown will continue to nip at his heels. The former senator from Massachusetts must do very well next week in order to prove his claim, still technically valid after Super Tuesday, that he, not Mr Clinton, is the national candidate. The former governor of California will probably endure to the end, as Mr Clinton's Pat Buchanan, unable to kill but infinitely able to wound. Nor can it be completely ruled out that some Washington heavyweight (Senator Lloyd Bentsen of Texas is occasionally mentioned) will express profound discontent and get into the late primaries, or make a pitch for the non-Clinton delegates, as Hubert Humphrey did against George McGovern in 1972 and Mr Brown did against Jimmy Carter four years later.

The Arkansas governor is, in the current jargon, a 'policy wonk', someone who loves nothing more than a complicated brief to argue to a conclusion

But, all these caveats dutifully noted, the nomination is probably now Bill Clinton's to lose, and, therefore, a Bush-Clinton presidential contest in the autumn the most likely outcome. Public opinion polls, not worth much in the spring, put them about level. The question, since so much more is known about President Bush, is whether the Democrat can stand up to the test.

Perhaps the most important thing to know about Bill Clinton is that he is a pure politician. This is no movie actor, or lawyer, or peanut farmer turning a hand to politics. The Clinton career has been exclusively in politics, as perfectly illustrated by the painfully honest letter he wrote, as a 23-year-old Rhodes scholar, at Oxford, to his military draft board in 1969. In spite of his opposition to the Vietnam war, he would, he said, "accept the draft ... for one reason: to maintain my political viability within the system".

And thus it went after university for the man from Hope, Arkansas; to running the 1972 McGovern campaign in Texas, to becoming, at 28, state attorney-general, to a narrow loss in a House race, to the governor's mansion in Little Rock at 31, (only Harold Stassen in Minnesota had been a younger governor), to defeat after one term, to re-election after a public apology for arrogance, and ever since (he is now the longest-serving governor in the nation) and on to the road to the White House. This is not a man who is deflected from his chosen path.

He is obviously a product of the 1960s. He has already faced a sex rap; it is a fair chance someone will claim he smoked marijuana; his opposition to the Vietnam war is on the record. But whereas so many of his generation, the great political activists of the Vietnam protest era, eventually backed off, went to law school or grew vegetables, Clinton relentlessly stuck at it.

And this was in Arkansas. Now this may be the state which produced J William Fulbright and Wilbur Mills and was once governed by a Rockefeller (Winthrop) but it is not exactly in the political major leagues. It ranks behind Georgia, which produced Jimmy Carter, and ahead of Alabama (George Wallace). New York or California or Texas it is not and no matter how effective a governor of Arkansas Mr Clinton may have been – and he gets generally decent reviews for his reforms of the state's social infrastructure – running Arkansas is not, in itself, a prime qualification or training ground for the White House.

But it is "southern" and, as it is necessary to point out, over the past 40 years the Democrats have only won the presidency with a southerner somewhere on the ticket (in 1960, 1964 and 1976.) Put another way, they have lost the presidency because they have lost the south – and California, too. What really worries party professionals about the Tsongas and Brown candidacies is the conviction that both would ensure that the south stays lost without sufficient compensation elsewhere.

Mr Clinton's southernness is worn almost as a uniform. He answers to the nickname of Elvis (the other is Slick Willy) and the accent is southern, though easier to understand than Jimmy Carter's. But he is not a Rhodes Scholar and Yale Law graduate for nothing. He is, in the current jargon, a "policy wonk", someone who loves nothing more than a complicated brief that he can argue through to its logical conclusion.

(One small example of this: four years ago he invited himself to visit the FT in London; we sought, cutely, to sandbag him by asking to justify the withdrawal, after pressure from congressmen from Arkansas and Louisiana, of US funding to the Rice Research Institute in the Philippines; we half expected some corpone invocation of the need to protect local rice farmers; what we received was an extremely well-informed lecture on the world rice market and new rice strains.)

This sort of smartness, bordering on over-achievement, is reminiscent of Jimmy Carter. Mr Clinton, like Mr Carter, brings no formal foreign policy experience to his campaign and, because of the introspective nature of it so far, has not needed to display much expertise. In order to prepare himself for Mr Bush, he will now need to widen his horizons and the "foreign policy speech" is surely high on the agenda. He will now be getting the benefit of the advice of more and more of the party's foreign policy establishment.

As it stands, the record shows only a few slogans – "America must change so it can become competitive in the world" – and one address to his *alma mater*, Georgetown University, last December. This was a perfectly sensible, unexceptional exposition of the US role in a changing inter-dependent world. It naturally called for big cuts in defence spending and the use of the proceeds to strengthen the country. It had no quarrel with the broad thrust of US national security policy over the 1980s, but argued that the end of the Cold War posed fresh challenges. It called for a larger role for the United Nations (with Germany and Japan on a revamped Security Council), urged the early recognition of former Soviet republics, and criticised the administration for "coddling" China. It was bare bones stuff, with no visible hostages to fortune and easy to flesh out.

Where Mr Clinton seriously differs from Mr Carter, as a candidate and, if he makes it, as president, is that he is very much a political insider, albeit from a long way from Washington. He was not chosen to give the keynote speech at the 1988 convention because he was a fresh face, but because he had earned the respect of those who ran the party, for better or worse. (The speech, curiously, was a disaster.) He had aligned himself very closely to the Democratic Leadership Council, the middle-of-the-road grouping as influential as any in the mid-1980s. The party professionals like him.

But the party at large has its reservations and, by extension, so must the nation. The reservations are less about policies than about character. The policies have shifted, naturally enough, during the campaign. He is now more blue collar than white, more populist than intellectual, but not to the irrevocable point that he cannot easily move back to the centre, which is his home. He has yet, for example, to lapse into outright protectionism, as the Democratic left and Republican right have, though the Michigan and Illinois primaries, with their strong union presence, will test this resolve.

The character issue is harder to define. His camp says his survival of imputations about his sexual behaviour, courage and financial probity attests to strength of character and purpose. The fear is that the electorate has not forgotten and ultimately will find it difficult to vote into the White House a man who seems to have "erred" on so many fronts. There is an unspoken assumption that more dirt will be flung at him in the campaign proper, by better marksmen than Jerry Brown and Bob Kerrey, and some of it might seriously stick. What the Republicans did to Michael Dukakis in 1988, above all in its Willie Horton commercials, is a salutary lesson.

Mr Clinton has his defences in good order. He says, fairly enough, that if personal perfection was a necessary qualification, nobody would run for president. His articulate wife, Hillary Clinton (she now uses her husband's surname) is an eminent lawyer and formidable campaigner in her own right. They seem the very model of the youngish, modern, two-career couple. Whether America is as comfortable with this as it is with George and Barbara Bush, whose concessions to modernity are minimal, is debateable.

Nor is there yet about Clinton that sense of arrogance, certainty even, that usually marks out a winner. He has found it hard to distance himself from a pretty average pack of opponents. His telegenity – the carefully styled hair, the fleshy, babyish face – sometimes seems wafer thin. All of which mysteriously combine to explain why as many as half the Democrats who have voted in this year's primaries confess dissatisfaction with the choices put before them.

And if they are still unhappy, then the discontent inside the Republican party with President Bush's performance, registered again on Super Tuesday, assumes a different perspective. Only the unforeseen can now stop Mr Bush winning the nomination, and beating off Mr Buchanan in Illinois and Michigan should do the trick. The question is only how he conducts himself in the process and when he chooses to put Mr Clinton in his sights.

He ducked a chance to do this at his press conference yesterday, preferring again to go after the Democrats in Congress and threatening to veto any bill that contains a tax increase. There may be mileage in this but it is not without risk. The nation is more than fed up with business-as-usual in Washington and is as capable of blaming the president as the Democrats for further impasse. And Mr Clinton can at least point out that he is not a formal member of the Washington establishment.

So the game is now seriously joined and even the old axioms do not help. Tall men normally beat short men in presidential races, it is said. Mr Bush and Mr Clinton are the same height. No wonder the smart money is puzzled.

OBSERVER

Spoke in the wheel

■ Oh dear! While Prime Minister Major and Chancellor Kohl may be the best of pals at present, there are already omens that Anglo-German accord may not survive Britain's election campaign.

Norman Lamont's statement in his budget speech that Germany's economy was in "recession", provoked the German embassy in London into sending a swift and critical report back to Bonn. The use of that word, the message said, was calculated to give British voters the impression that the UK's economic troubles are somehow all Germany's fault.

By the Anglo-Saxon definition, "recession" is justified since Germany has had two successive quarters of negative growth. But the R-word is too strong for the German government, which points out that its economy is still expanding on a year-on-year basis, albeit at a slower rate.

The Kiel economics institute, for instance, has just forecast that this year's growth will be 1 per cent. Moreover Bundesbank council-member Karl Thomas pointedly declared in London yesterday that he prefers the word "stagnation".

What Lamont might do well to consider is that, the more he irritates the Germans, the less sympathy he is likely to win for Britain's bid to have the European central bank housed in London, or more importantly for a cut in interest rates.

Downs and ups

■ Judging by yesterday's movement, the stock market seems to have made up its mind that the government has muffed the Budget and lost the next election already.

However, the reaction could be premature if Kleinwort Benson's historical election statistics are any guide. In the 13 elections since 1945, the FT's All Share index has risen on average by 1.4 per cent between the announcement of the general election and polling day. On the six occasions that Labour has won, it has fallen by an average of 0.1 per cent. Admittedly, the average fall the day after a Labour victory is 2.6 per cent.

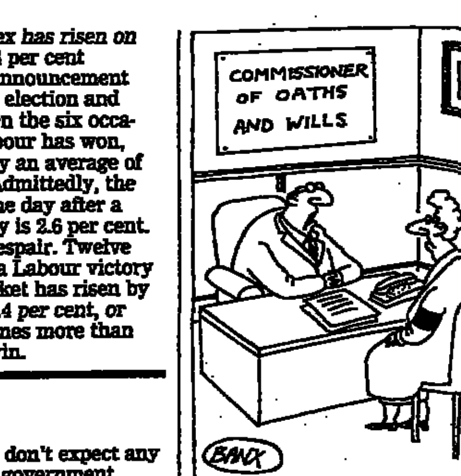
But don't despair. Twelve months after a Labour victory the stock market has risen by an average 14.4 per cent, or nearly four times more than after a Tory win.

Gagged

■ Meanwhile, don't expect any help from UK government departments on even the smallest detail of policy for the next few weeks. Observer twice contacted the Lord Chancellor's office yesterday for information on planned changes in the small claims court procedures announced in the Budget.

Help was readily given in the morning. But after lunch, and John Major's election announcement, the office declared it could henceforth make no comment on government policy.

The Inland Revenue, perhaps understandably, was still faster to start pushing the chancellor of the exchequer's proposals back into the purdah whence they came. Warnings of the likely cancellation of its post-Budget briefing, scheduled for this morning, were emanating from it on Tuesday even before Lamont spoke.



"He's left his cider factory to the cat"

Entitled

■ Title inflation is endemic in newspapers and magazines – just look at how those on the FT have proliferated since it abandoned the austere byline of "Financial Times Reporter" on all its stories. But it is taken to new heights by the latest computer magazine to hit UK bookstands, the 480-page first issue of Ziff Davis's PC Magazine, modelled on its US title of the same name.

On the masthead it lists an Editor-in Chief, an Editor, and two Editorial Fellows.

Come off it, chaps!

Red faces

■ "Grubby, filthy and downright dirty" runs the teaser advertising campaign for Lever Brothers' latest liquid detergent which will be launched on "Blue Nose Day" in less than a fortnight's time. Rarely have truer words been spoken.

The campaign, which appears on the sides of thousands of buses, bears a remarkable similarity to the Comic Relief charity's "Red Nose" day which is normally held at this time of year. The only difference is that Comic Relief is taking a rest this year. No doubt a court of law can tell the difference between a "red" and "blue" nose day. But the idea seems to be piggy-backing on the general enthusiasm for a worthwhile charity and Comic Relief says it has been deluged with calls from eager young volunteers.

It's not the sort of behaviour one would expect from a company which likes to think of itself as one of the country's most squeaky clean corporate citizens.

Foot in it

■ Things are looking up for Richard Stein, finance director of Standard Chartered Bank. Yesterday he was able to announce financial results which in most respects were superior to those of the English clearers – it is some time since that has been the case.

But an even greater boost to his esteem is that, for the first time in his career, someone has considered his signature worthy of forgery – though not very well by all accounts. The $500m fraud attempt had no chance of success. Anyone with any knowledge of the bank would have known that as finance director he never signs loan documents.

However, this is by no means the most audacious attempt at fraud ever faced by the bank. A while ago in the Middle East, the bank had an illiterate customer who signed with a thumb print. A criminal, now in gaol, tried to forge the signature – but used a big-toe print instead.

Caught on the hop?

Backlash

■ A bit of a sandstorm has been stirred up by Observer's claim that a camel with no humps is called Humphrey. That's the name for a camel with three humps, snorts reader Peter Tray, the no-humped variety being obviously a horse designed by a committee.

R S Bristowe of Sheffield disagrees. In his book, the name for a three-humped camel is Triumph.

ECONOMIC VIEWPOINT

Pros and cons of £32bn deficit

By Samuel Brittan

If Norman Lamont had rigorously stuck to the balance-over-a-cycle doctrine, and rejected, as he claimed, to the case for giving the economy a kick-start, then he would not have remitted any taxes at all in net terms. As it is, he is facing the election as the chancellor who courageously insisted on only a moderate bribe. Whoever wins the UK election on April 9 will inherit a mighty Budget deficit. The £28bn Public Sector Borrowing Requirement – or £36bn without privatisation proceeds – is only the beginning. The Treasury estimate for 1993-94 is £32bn.

Although these are huge numbers in terms of the money with which most of us are familiar, a reasonably confidence-inspiring British government of any party would have no difficulty in financing the coming deficit, if it really were just the peak resulting from a recession, and if started shrinking fast in later years.

I do not agree with all the arguments of the cynics, for instance on growth. The Treasury projects a path for real growth excluding North Sea oil output of 1¾ per cent in the coming financial year, rising to 3 per cent the year after and averaging 3¼ per cent in the middle 1990s.

Save us the verbal puritanism of City folk who thrive on helping others to borrow

Why should there not an output recovery. Taking into account the recession years, the average growth rate would still be only 2 per cent per annum over 1990-97. Are the cynics saying that productivity will not rise enough to support such a growth rate? This is not supported by the data.

Or are they saying that growth at this rate, starting from a very high unemployment rate, and a substantial margin of unused capacity will lead to a resumption of inflation? Or are they saying that there is a balance of payments constraint on growth? The UK in a hard ERM, leading to Emu, has the same kind of balance of payments constraint as Sussex or Normandy.

Alternatively, will growth be low because the demand will not be there: that is, people will not spend enough? If that were so, there might be a case for budgetary red ink after all. Let me, as my computer keyboard would say, "save" this possibility to discuss below.

Meanwhile there is another and more likely reason why the Treasury forecasts are too optimistic. This is that they assume no further addition to public spending plans and no tax remissions before 1995, and then extremely modest ones. (The forecasters could easily adjust their computers to tax increases under Labour, coupled with a corresponding boost to spending.)

The dubious assumption is that spending will be limited in this way. An analysis by Goldman Sachs suggests that £10bn of next year's PSBR, representing 1½ per cent of gross domestic product represents discretionary increases in spending or tax remissions.

Such political pressures will not come to an end after an election; and they will be encouraged by the lessening of the automatic penalty on excess borrowing of a run on sterling which was experienced in the 1960s and 1970s.

* * *

It is thus necessary to ask more coolly what harm a Budget deficit does. The verbal puritanism of City folk, who make a living from lending and borrowing, is inadequate.

The harm is expressed simply by the slogan: "Today's borrowing is tomorrow's taxes." In other words we will have to suffer the deadweight burden of raising taxes from one sector of the population to pay as interest to another. Such transfers and the consequentially high tax rates, do distort the economy.

If the debt to GDP ratio is rising, the amount of such deadweight transfers will increase. The maximum borrowing consistent with stability in the ratio is about 1½ per cent to 2 per cent of GDP or about £10bn in today's values. The balanced budget doctrine simply gives a margin of error and enables us to avoid controversies over issues such as the treatment of items like revenues, privatisation or council house sales. So far so good.

Unfortunately, most of the people who raise the alarm about rising debt and the Italian-type traps which could emerge, take one thing for granted, without bothering to argue it. This is the that the national income is given and that servicing extra debt is a pure deadweight burden. This does not answer but simply ignore the Kenynesian argument that a fiscal stimulus raises output and employment and thus has something real to show in return for the irritations of the transfer.

But the argument changes radically if a fiscal stimulus really will lead to more real jobs and output. The gain could far exceed the transfer burden of the Debt interest.

Let us suppose that there were a problem of demand deficiency. The concept can be illustrated by the Red Book projections showing a growth of Nominal GDP of 6¾ per cent on the next financial year falling steadily to 5¼ per cent by 1996-97. By this time, the hope is that underlying inflation will be down to 2 per cent, leading 3¼ per cent for real growth. Demand expansion of much less would leave insufficient headroom for growth.

So the question boils down to whether extra borrowing will generate extra output or jobs, more than temporarily, or not. Some three years of borrowing at the current rate would add nearly £100bn to the National Debt and cost very roughly £10bn in gross interest payments. If there were nothing to show for it in current output, the result would be something like 3p on the basic rate of income tax.

So before resorting to red ink, we need to be sure (a) that extra output really will result, and (b) that a fiscal stimulus is the best way of providing it.

The UK's Medium Term Financial Strategy is based on the assumption, as the Red Book puts it, that growth depends on supply side forces, and by implication that demand deficiency is temporary and self-correcting. During every recession voices can be heard saying that this is no longer the case and that depression is once more a danger. Like the boy who cried "wolf", these voices may one day be right, but have up to now been wrong.

One monetarist argument against a fiscal stimulus is out of date. This says that if a deficit is financed by selling bonds, interest rates will rise, and the demand stimulus thus be cancelled out. The argument has lost its force in a liberalised international capital market where the borrowing of one medium sized government has little impact on international real interest rates.

There are, however, other reasons for hesitation about using the Budget to stimulate demand. There is the old argument about dangers of bad timing. There is the newer one that stimulation may be ineffective in view of the private sector's tendency to offset tax giveaways by saving more and tax increases by saving less.

My own way of cutting the Gordian knot is to regard monetary policy as the main instrument for demand management. It is more flexible, operates with fewer lags, and does not have a the transfer burden associated with fiscal policy.

None of these arguments lose their force because monetary policy is being run by the Bundesbank. If it really were the case that a radically different monetary policy were required in Germany to underwrite growth without inflation than in other European countries, then indeed the ERM would have outlived its value. Experience suggests, however, that very similar forces are at work in most European countries, even if they operate with a lag; and I can hardly imagine that a much higher real interest rate would be appropriate east of the Rhine than west of it. So we are left with a rather low-level case for a temporary fiscal stimulus while the pressures of German reunification give Bundesbank policy a restrictive bias.

Given all the many other uncertainties about how far a fiscal stimulus, going beyond the automatic stabilisers, really helps, and the looming increase in the deadweight burden of debt interest, I would compromise by saying that any fiscal injection should take the form of investment – not in the accounting sense, but in the more fundamental sense of raising the country's underlying productive capacity. Mr Lamont's remissions were not of that kind. Nor are the Labour alternatives.

UK government finances
Goldman Sachs projection

Conservatives

Per cent of GDP	1992/93	93/94	94/95	95/96	96/97
Tax receipts on unchanged policy	37¼	37	37½	37¾	38¼
less tax cuts	¼	0	0	0	0
equals tax receipts (A)	37	37	37½	37¾	38¼
Government spending*	42¾	42½	42¼	42	41½
less privatisation proceeds	1¼	¾	¾	¼	¼
equals government spending (B)	41½	41¾	41½	41¾	41¼
PSBR (A-B)	4½	4¾	4	4	3

* Excludes privatisation

Labour

Per cent of GDP	1992/93	93/94	94/95	95/96	96/97
Tax receipts on unchanged policy	37¼	37	38	38¼	38¾
less tax cuts	0	-½	0	0	0
equals tax receipts (A)	37¼	37½	38	38¼	38¾
Government spending*	43	43	42¾	42½	42
less privatisation proceeds	1¼	0	0	0	0
equals government spending (B)	41¾	43	42¾	42½	42
PSBR (A-B)	4½	5½	4¾	4¼	3¼
Treasury PSBR	4½	4¾	3½	2½	¾

* Excludes privatisation

Source: Goldman Sachs

Joe Rogaly

Banking on mistrust

You have to shake your head in disbelief. Britain's 14th general election since 1945 is being called at a most inauspicious time for his party by a prime minister whose personal future depends on the outcome. The omens are not so bad as to characterise yesterday's decision by Mr John Major as political suicide, but the *ineluctable* choice of April 9 does fall between bravado and foolhardiness.

There must be an explanation somewhere – beyond desperation, that is. Over the past few months I have asked various members of the cabinet two questions: "why should the Conservatives be given a fourth term, something the British electorate is accustomed to denying any party that asks for it?" and, when that is answered (never *quite* satisfactorily), "why should anyone think you will win?"

The replies to the first question are unsurprising. Under Mrs Margaret Thatcher the Tories put the trade unions in their place, privatised previously unsound publicly owned enterprises, and instilled the concept of prudent financial management into the national psyche. Under Mr John Major they have secured our position in the European Community and, most forcefully, brought inflation down to near-German levels. So they surely deserve another term.

The natural riposte is that in the process they have plunged the country into a long recession with no known end in sight, raised public borrowing to a potentially frightening level, and failed to develop the public infrastructure. That is, however, to carp. Let us be kind enough to address ourselves solely to the ministers' basic case. Even if we swallow it whole, it refers to past performance. A past, good or bad, is something that has come to an end, after which the rascals are thrown out.

As to the future, the manifesto to be approved by the cabinet this afternoon will have much to say about choice, freedom, caring Conservatism, the citizens' charter, and other familiar abstractions. This will be interlaced with a possibly surprising fistful of specific promises, from a national lottery to an undertaking to be more liberal in the dispersal of government information. The supplementary to the first question will therefore be: "does the answer add up to very much?"

We must wait a few days. So try, then, the second question – "why should anyone think you will win?" The polls suggest that there will be a hung parliament, which in most combinations means that the Tories have lost. Not so, says the cabinet collective. There will be no hung parliament. The party chairman, Mr Christopher Patten, has convinced himself and apparently the prime minister that if the parties are neck and neck on April 9 the Conservatives will survive to celebrate an outright victory. They affect to believe that they are ahead on the technicalities. These are: regional swings that favour the government, strong support for the Tories in key marginal constituencies, and the propensity of voters to support incumbent MPs, most of whom are by definition Conservatives.

Nobody stood up to shout: 'You're crazy – it'll be the end of us all'

At yesterday's meeting of the cabinet one minister said that all the media would be interested in during the campaign would be the state of the polls and the likely behaviour of the prime minister if he lost his majority. So they agreed that they would decline to discuss either of these matters. But everyone knows what they think. The party with the largest number of seats will form the government. It will survive. That, they say with all the confidence of lambs en route to the slaughterhouse, will surely be the Conservative party. Anyhow, said another after yesterday's announcement, the Tories would do what the prime minister said they would do about Scotland after the election – consider the situation then and take stock.

These thoughts must have been in ministers' minds as Mr Major suggested that April 9 would be a fine day for an election and asked if everyone agreed. Nobody stood up to shout: "You're crazy – it'll be the end of us all." Someone did remark that to hang on for a later date would attract greater opprobrium than hopes of recovery would be worth. So, crossing their fingers and placing their faith in Mr Patten and his psephological witchdoctors, they blessed their chief's brave endeavour.

If my tone suggests that I believe it to be foredoomed, it is a shade too sceptical. Dangerous, yes. Certain to fail – not quite. For I have not yet accounted for what, in their heart of hearts, the Conservatives believe to be their strongest card – mistrust of the Labour party. The Tories will emphasise the contrast between the past pronouncements of Mr Neil Kinnock and his present professed beliefs, always treading a delicate line between legitimate reminders of what their opponent-in-chief once said and the appearance of running a smear campaign.

This is reasonable enough. The Labour party has undergone a remarkable and, in historic terms, exceedingly rapid, conversion. The voters would have to take the huge risk of putting it into power before its sincerity could be tested. We may therefore put to Labour the reverse of the question asked of the Tories – that is: "why should the electorate trust you?"

If we are to entrust Mr Kinnock and his colleagues with better management of the market economy than the Conservatives we will want to see a manifesto that is wholly convincing. It must be less regulatory, less interlaced with goodies for the public sector unions, less anti-wealth than any previous statement of Labour intent. As to the party's programme for constitutional reform, it is hard not to be cynical. Are they saying these things for love of freedom, or fear of the Scottish nationalists? For the sake of democracy, or merely to seduce votes away from the Liberal Democrats?

In short, the April 9 question will be: who do you disbelieve the most?

LETTERS

Purcell enters political arena

From Mr Robert King.

Sir, The Labour party spokesman who recently described John Major's new signature tune as suitable only "for wine bars" writes off the music of Britain's greatest composer in one remarkably ill-judged phrase.

After 10 intensive years recording and performing Purcell's music, I find it gratifying finally to find his name on everybody's lips and making headline news for the first time since the composer's early demise in 1695.

The Labour spokesman may be a Philistine (or just a closet Haydn buff?) but might now ruefully consider Purcell's verse anthem "Be merciful unto me" or even the song of 1678 "Sweet Tyranness, I now resign".

A smarting Purcell would probably look to the anthem written two years later and entitled "Lord, I can suffer thy rebukes", whilst an internal Labour party enquiry could examine the Ode of 1682 – "What shall be done in behalf of the man?"

Robert King,
director,
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London W13 9TX

Wind-up ploy gets results

From Mr Roger M Mason.

Sir, Observer's report (March 2) of a petition to wind up the Pru makes me wonder why this action is not more often taken against big companies. It is invariably effective if money is owing, the company has the means to pay, and does not wish to be wound up.

I present seminars on effective credit control and it is depressing to hear complaints from small companies about the payment standards of some large companies. Time and again the same names are mentioned (though Prudential is not one of those, and, as far as I know, has a good record).

The chances of future business may be next to zero, but it is often worth considering.

Roger M Mason,
1 Beddings Close,
Wendover,
Bucks HP22 6LG.

Britain's accountants display unique range of background disciplines

From Mr Ian R McNeil.

Sir, Peter McGregor ("Britain's narrowly educated accountants trail the international field", Letters, March 9) claims that accountants in Britain are less well educated than elsewhere. His claim is based not on their professional training, but on their secondary and higher education being too little or too narrow. However, statistics for chartered accountants suggest otherwise.

Since 1984, 90 per cent of our student entrants have been graduates, and in the most recent intakes, 55 per cent of those graduates had upper second or first-class honours degrees. Their degrees cover a wide range of disciplines. Far from giving up science subjects at about 14, as Mr McGregor maintains, more than 30 per cent have degrees in sciences, mathematics and engineering. Slightly less than 50 per cent have business degrees.

Many of our firms' recruiters deliberately seek broadly educated students, whereas for accountants overseas, for example in Germany, Australia and the US, the rigid pattern is for accountants first to take an accountancy degree and only then to go on to professional training.

Perhaps as a consequence of the more broadly based British system, accountancy is one of the few sectors of our economy in which we are world-beaters.

I certainly believe that other sectors have much to learn from the commitment of British accountancy firms to investing heavily in the professional training of their people.

Ian R McNeil,
president,
Institute of
Chartered Accountants,
Chartered Accountants' Hall,
Moorgate Place,
London EC2P 2BJ

There is no 'half-way house' for eastern Europe

From Mr Richard Lucas.

Sir, Eastern Europe's reforms have not been too harsh. Your article "The drawbacks of shock therapy" (March 2) gives the impression that better options were not chosen. Few of the reforms could have been applied moderately.

● Price liberalisation. There is no "half-way house". Partial reform fails to stabilise markets.

● Budget reform. Uncontrolled budget deficits cause inflation, risk hyperinflation, and have to be addressed. Contrary to the impression your article creates, there has been a great industrial recession in Hungary, for the same reasons as elsewhere.

● Industrial restructuring. Politicians in eastern Europe would be very interested in western-financed modernisation and investment to help industry. There is no alternative in eastern Europe because governments have no money to pay for gentler forms of industrial policy, not because political leaders there chose austerity from a range of other policy options.

● Trade liberalisation. There are costs from surging imports, but also many benefits, including: demonstration effects – better local enterprises are learning to compete against the standards set by imports; modernisation – because imports are freely available, institutions can buy world-class technology at reasonable prices; and psychological – being able to buy things without queueing removes the atmosphere of a defective economy as well as the inefficiency of having to go to Berlin or Vienna simply to shop.

● The lesson of Europe's post-war experience is not clearly against rapid economic liberalisation.

Ludwig Erhard's "bonfire of controls" in Germany in 1948 was a principal reason for their subsequent success.

The centrally planned economies were in appalling condition – even East Germany collapsed, despite West German resources and by the far the best prospects for future growth. Everyone knew that the going would be tough.

It is mendacious for economists and commentators who failed to understand the awfulness of the old system to place the responsibility for economic catastrophe on market reformers.

Mr Gorbachev messed around with half-hearted reform for five wasted years, and his successors now have to embark on the same road as the others.

Richard Lucas,
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31-127 Krakow,
Poland.

Schools conclusions should be drawn with care

From Mr Tom Benyon.

Sir, Whilst I congratulate your paper for compiling the FT Schools 500 tables (March 7/8), parents should draw conclusions from them with care.

My eldest daughter failed to get into two schools in your top 20, so we sent her to Stowe, number 271. She graduated from Warwick University last year with a 2:1.

My youngest daughter failed her 11-plus so she wouldn't have qualified for entrance to any of the high-flying schools you list.

From Stowe, having gained entrance to Exeter University in the face of acute competition, she is now well on her way to gaining combined honours in Drama and English.

Academic success is relatively easy to come by if you manage to cream off the brightest children and many of the best performing schools in your lists do just that.

However, the real test of a school is to develop character and to encourage average children to perform well. That cannot be measured in your guide.

Tom Benyon,
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Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Thursday March 12 1992

Spain and Belgium quash speculation on loan cost easing as Europe looks to Germany

UK's hopes of election rate cut dashed

By Our Foreign Staff

HOPES THAT the UK will be able to cut interest rates during the election campaign as the result of co-ordinated credit easing by European central banks were firmly quashed yesterday.

Mr Alfons Verplaetse, the governor of the National Bank of Belgium – on which speculation of early rate cuts had centred – said yesterday that no change was imminent.

The Bank of Spain, which has most room to cut rates in view of the peseta's strength within the European Monetary System (EMS), also dampened predictions of any significant easing.

The Swiss, French and and Dutch central banks all look likely to wait for the German Bundesbank to ease policy before risking independent action.

The Bundesbank prompted an unpopular round of interest rate rises throughout Europe with an increase in official lending rates before Christmas. The German central bank indicated yesterday that it would keep monetary policy tight at least for several months to counter inflationary pressures.

Mr Karl Thomas, a member of the German central bank's policymaking council, said in London that high interest rates were "not a pleasure". Germany, however, had to give priority to bringing down its 4 per cent-plus inflation rate.

Forecasts of an early cut in European interest rates, which would have given the Bank of England scope to bring down base rates, were sparked by comments earlier this week by Mr Philippe Maystadt, the Belgian finance minister. He said "informal talks" between the German, Dutch and Belgian central banks were under way, which might permit Belgian rates to go "slightly lower" than German rates.

Mr Maystadt's remarks prompted a very slight drop in Belgian three month Treasury bill rates. But they appeared based less on reality than on the wish to improve the debut of the trouble-hit new government in Brussels.

After exchanging views with his German and Dutch counterparts at this week's Basle meeting of central bank governors, Mr Verplaetse played down the idea of any action. But he added: "Obviously, if the situation improves in the Netherlands and Germany, then we could think again about lowering our interest rates."

Dutch officials backed up the cautious message. The central bank in Amsterdam is loath to risk sacrificing financial market confidence by taking an rate stance independent of Germany. With Dutch inflation above 4 per cent, they said that an interest-rate decline engineered by the Nederlandsche Bank would send off the wrong signals, particularly in light of wage bargaining in several industrial sectors.

Mr Markus Lusser, president of the Swiss National Bank, also drew attention yesterday to the link with German interest rates. He warned that high German interest rates limited the scope for reduction of Swiss rates.

The position in Madrid is more complex, in view of the strength of the peseta in the EMS. However, the Bank of Spain said yesterday that the room for interest rate easing would be determined by the latest figures for inflation and consumption, rather than by the peseta's strength.

Bush and Clinton braced for Midwest round

By Jurek Martin, US Editor, in Washington

PRESIDENT George Bush and Governor Bill Clinton of Arkansas yesterday set their sights on the industrial Midwest after convincing victories in Tuesday's round of primary elections.

Conspicuously relaxed at a press conference, Mr Bush avoided direct reference to either Mr Clinton or his Republican challenger, Mr Patrick Buchanan, preferring to direct his fire at the Democrats in Congress.

In sweeping all eight Super Tuesday primaries and winning nearly 400 delegates to Mr Buchanan's 30, the president is around halfway to the 1,105 delegates he needs for a first ballot nomination in Houston in August.

Mr Buchanan, acknowledging that Mr Bush had done well, nevertheless pledged to make a big fight of it next Tuesday in Michigan, which has a high rate of unemployment and is therefore discontent with the Administration's economic policies.

On the Democratic side, Mr Clinton took eight of 11 primaries and caucuses and won about 430 delegates, compared with just over 200 for former Massachusetts Senator Paul Tsongas and 25 for former California Governor Jerry Brown. But, with just over 700 delegates, he is only one third of the way towards the 2,145 needed for the nomination.

Mr Tsongas yesterday said he would not allow Mr Clinton to "pander" his way into the nomination by appealing to everyone. He also claimed that his national credentials were better than those of Mr Clinton because he had won more primaries outside his home base than the Arkansas governor had outside the south.

On Tuesday Mr Tsongas won the Delaware caucuses, as well as the Massachusetts and Rhode Island primaries, while Mr Clinton overwhelmingly swept the south, including a wins in Florida and Hawaii.

For all the candidates, next week's Illinois and Michigan primaries are important. Mr Bush could finally reduce Mr Buchanan into a polemical irritant, and Mr Clinton, whose organisation is far better than his rivals, could leave Mr Tsongas trailing so badly that money and support will dry up.

Mr Brown, however, surviving on less financial support and appealing to a big dissident Democratic minority, will undoubtedly continue. For all the Democrats, the battle is on for the union vote in these two states.

At his press conference, however, Mr Bush was happy to float above the partisan fray, apart from his criticisms about Congress. In particular he distanced himself from a recent and controversial Pentagon study paper which foresees the US doing whatever is necessary to maintain its sole military superpower status.

The president said he had not read the report and it did not have any official standing. While it would be wrong to cut into "the muscle" of US military capability, he reaffirmed the US commitment to collective security operations, as demonstrated in the Gulf war and in UN peacekeeping operations in Yugoslavia and Cambodia. The report, it is understood, had little to say about collective security.

He also said he did not disagree with former president Richard Nixon over the importance of helping the former Soviet Union, adding that his Administration was actively studying issues such as a rouble stabilisation fund. Earlier in the week, Mr Bush had said there were financial limits on what could be done for Russia and the other republics.

Battles ahead, Page 6
Smart money, Page 14

French and Germans plan joint venture in telecoms

By William Dawkins in Paris

FRANCE TELECOM and Deutsche Telekom, the French and German telecommunications operators, yesterday announced agreement in principle on a joint venture to provide worldwide services for international companies.

The Franco-German partnership, to be called Eunetcom, is the latest in a series of international partnerships by telecommunications monopolies, as they seek to compete against each other in foreign markets and provide worldwide services.

The alliance also strengthens France Télécom's hand in its campaign to join Syncordia, the venture set up by British Telecom, the UK operator, in Atlanta, Georgia, last year, to manage voice, data and video links for multinational companies.

Eunetcom, to be equally owned by its partners, is to be in place in three months and will undertake the provision of international telecommunications services for multinationals, said the partners. This will include the joint provision of European and global data communications, they said.

In a clear reference to Syncordia, their joint statement added: "Eunetcom will in the future be able to take part in organisations with vocations near to its own."

BT has been trying to agree terms for Deutsche Telekom and Japan's Nippon Telephone and Telegraph – awaiting the green light from Tokyo – to join Syncordia for the past year. However, it until recently resisted fierce lobbying by France Télécom to joint the alliance.

But last month, BT relented and agreed in principle to allow France Télécom into the deal.

France Télécom had been applying pressure on Deutsche Telekom, with which the French operator has traditionally close ties, not to join without it.

Yesterday's agreement appears to strengthen the French group's position just as the Syncordia partners settle down to negotiate the size of their stakes and other important details. NTT, meanwhile, is awaiting its government's agreement.

Daniel Green writes: In London, BT said: "We have been unable yet to finalise arrangements with Deutche Telekom and NTT. Any negotiations between DT and France Telecom are separate. If DT separately subsells Syncordia membership we would have to talk to them, but we are a long way from that."

Asked why Syncordia had not already involved France Telecom, BT said: "We thought it would be difficult to run with a multitude of nationalities, but what Deutsche Telecom do with their share of Syncordia is their business."

Bank of England escapes with mild censure over BCCI

By Robert Peston and Richard Donkin in London

THE Bank of England's role in the supervision of the Bank of Credit and Commerce International yesterday received much milder criticism than had been expected in a report prepared by a British parliamentary committee.

Though the report implies that the Bank should have closed BCCI down long before July 5 1991, when it was closed, it does not state this explicitly.

The committee said it was important that henceforth the "minimum criteria for authorisation [of a bank] should be strictly interpreted."

One Bank official admitted: "The report was surprisingly tame in some respects".

Last night, the governor of the Bank of England, Mr Robin Leigh-Pemberton, dismissed calls from two opposition Labour members of parliament, Mr Brian Sedgemore and Mr Keith Vaz, that he should resign. He said there was "nothing to resign about".

The four Labour MPs on the committee, who include Mr Sedgemore, disagreed strongly with the report's conclusions and have made much sharper criticisms of the Bank, which are recorded in committee minutes.

The Labour group accused Mr Leigh-Pemberton of the "grossest negligence" for failing to close down BCCI after receiving many warning signs that it was corrupt. They also accused Mr John Major, the prime minister, of a "dereliction of duty" for his failure to recommend closure at the time when he was chancellor of the exchequer.

Responding to the main report, the Bank repudiated "the implication" that it should have closed BCCI earlier. It received information long before July 1991, such as BCCI's links to terrorist organisations and to drug money laundering, which put in doubt BCCI's fitness to carry on business as a bank.

But the Bank said yesterday that it believed at the time that the interests of depositors would have been damaged by closure.

"Under banking legislation, when we contemplate what action to take against a bank, we have to consider both the behaviour of the bank and the effect on depositors of closure," the Bank said.

The Bank said that it was not until July 1991 that it had incontrovertible evidence that depositors' interests would not be served by keeping the bank afloat.

The report said there was a "climate of opinion" in the Bank which "favoured reconstruction and reform rather than restrictions and closures".

Securities chief quits after Y72bn loss

Continued from Page 1

the same grouping as Tokyu Department Store.

Mr Peter Johnson, head of sales at Baring Securities, the UK-owned stockbroker, said other brokers would be badly affected by news of Daiwa's settlement with Tokyu Department Store since other clients would be encouraged to sue.

Daiwa's net loss for 1991-92 will be its first since the securities industry recession of the 1960s. The result will show the severe damage brokers are suffering from recent scandals and the slump in stock market activity.

Mr Dozen said ruefully yesterday he had been president for only two years and five months but it felt like "a very long time". He will stay on Daiwa's board. His successor is Mr Motoo Esaki, the 57-year-old vice president, who has spent much of his career in underwriting and corporate finance.

Eleven-page list of transgressions pre-empts Saddam's attempt to have sanctions lifted

UN attacks Iraq for violating ceasefire terms

By Michael Littlejohns, UN Correspondent, in New York

THE UN Security Council last night flatly rejected Iraq's claim that it had honoured its obligations under the Gulf ceasefire terms, without even waiting to hear Mr Tariq Aziz, Iraq's deputy prime minister, present his case for the lifting of sanctions.

In effect, the council read him the riot act, pre-empting President Saddam Hussein's carefully prepared diplomatic offensive over the effect of UN sanctions on Iraq.

Minutes after the council gathered in extraordinary session, Mr Diego Arria, chief delegate of Venezuela and current president, read an 11-page list of Iraqi transgressions.

Drafted in private consultations among the 15 members, this again demonstrated the remarkable cohesion that has marked the council's handling of the Gulf crisis since Iraq invaded Kuwait in August 1990. The statement showed that Mr Aziz had failed to divide the council, in spite of his attempts to elicit sympathy among Third World members.

In Washington, President George Bush said he would "contemplate all alternatives" to force Iraq to destroy its dangerous weapons. "There will be no compromise on the part of the US with full compliance with the UN resolutions."

The UN council concluded that "Iraq has not fully complied with the obligations placed on it" but welcomed this opportunity to air the problem.

It was "the council's hope and expectation that this meeting will prove an invaluable opportunity to advance in the consideration of this issue as required in the interest of world peace and security, as well as that of the Iraqi people," the statement said.

Mr Aziz, leading a 14-member team he termed a goodwill mission, sat stone-faced in a reserved seat near the council's horseshoe table as Mr Arria read the document.

Emphasising the inferior role accorded to him in the council proceedings, he was listed to deliver his statement only after speeches from all the council's members.

However, although the presidential statement confirmed there was no willingness by the council to compromise with Iraq, as Mr Aziz evidently hoped in making his mission to New York, the possibilities for further enforcement, short of military action, are clearly limited.

Having already warned Baghdad of unspecified "serious consequences" if it continued to defy UN resolutions, the council may be obliged to take some follow-up action. Members are expected to address this question after the Iraqi delegation returns to Baghdad.

The council said Mr Aziz's claim that innocent women, children and old people were suffering "very, very bad effects" from continued sanctions was belied by Iraq's refusal to sell \$1.6bn of oil under special UN authority, with \$1bn of the proceeds permitted to go for humanitarian needs.

Sir David Hannay, the UK delegate, said he supported renewal of this limited lifting of sanctions and hoped that Baghdad would see that its sole purpose was to reduce suffering in Iraq. As for the consequences of continued intransigence, Iraq had believed the council was bluffing in 1990. "I hope she will not again miscalculate," he said.

THE LEX COLUMN

London gets the jitters

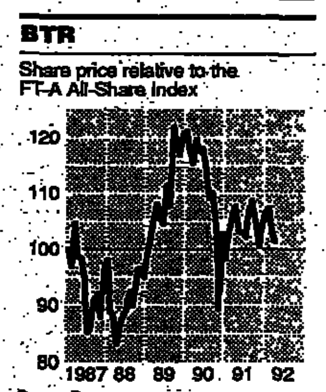
The uneasy lull in the UK stockmarket of late was spectacularly interrupted yesterday by the biggest one-day fall in the FT-SE this year. Dashed hopes of an interest rate cut had something to do with it and, given the City's still widespread assumption of an outright Conservative victory next month, Mr Lamont's failure to deliver a knockout punch in the Budget was also bound to disappoint.

For the next four weeks fundamental analysis will take second place to opinion polls. In this context it is worth recalling that while the market performed well during the last three election campaigns, it dived 9 per cent in September/October 1974 when the Tories also began the formal political fighting 3 points behind. Bad news is likely to be exacerbated this time by traders' emotional response to the prospect of a 59 per cent effective tax rate, and by the fact that many veterans of today's markets were in short trousers when a Socialist was last spied in Downing Street.

FT-SE Index: 2,522.4 (-52.4)

BTR

Share price relative to the FT-A All-Share Index



Source: Datastream

Gilts

Not so long ago, the gilts market was unruffled by the prospect of a sharply increasing PSBR. The perceived wisdom was that with sterling in the ERM, gilts were attractive to a broad base of European investors. Declining inflation meant higher real yields. Capital gains were in prospect as UK yields converged with those of Germany. So was the market over-doing things in driving prices down by up to ¾ point yesterday?

The answer depends on the time horizon. Strip away the election and much of the original argument holds true. A borrowing requirement which in relative terms is still lower than that of Germany should be absorbed without too much impact on yields. Foreign investors may, however, need a stronger lead from domestic investors. They will have to be prised away from equities; as a result, gilt yields might fall marginally less fast in response to declining inflation. The government will also need to resume funding in the very long 25-to-30-year range where yields have been artificially depressed by shortage of supply.

So far, so good. But election uncertainty in the short run has thrown up the fear that an incoming government may yet succumb to the temptation to devalue, rekindling inflationary worries and destroying long-term confidence in gilts. Particularly vulnerable to panic selling during the next four weeks is 10-year paper, in which overseas investors are most heavily invested. Pronounced weakness could make gilts a bargain, but only for investors who believe there will be no devaluation, even by a minority government.

BTR

The question of whether BTR deserves its below average rating will not be easily resolved by yesterday's 3 per cent slip in pre-tax profits. The good news is that there were no nasty surprises in the 1991 figures, while if anything the case for buying the shares as a cyclical recovery stock has been enhanced. Not only are costs being extracted in BTR's ferociously efficient way – 10 per cent of the workforce last year, excluding Hawker Siddeley, after a 7 per cent cut in employee numbers in 1990. The company is now talking for the first time about a pick-up in the US and, more guardedly, Australia.

A lot depends, though, on how quickly action on Hawker will translate into higher margins. Any pressures on the profit and loss account will certainly be relieved by the £250m-£300m of provisions already taken, and by the £50m or so which might be added in the current year once Hawker's long-term contracts have been given a careful going over. BTR's utilisation record cannot be faulted; the worry is that at least half of the provisions could involve cash outlay rather than asset write-downs. Gearing may therefore fall more slowly than it did after BTR's previous mouthfuls. Along with the inconsistent dividend signals and lack of strategic clarity, that may keep the bulls in check a while yet.

Standard Chartered

There is an air of anti-climax about Standard Chartered. Though its 1991 results were tarnished by a £36m retrospective tax provision for Union Bank of California, the main picture is of a bank finally on the way to recovery. Unfortunately, healthy is also revealed as dull.

Rising costs have taken the sparkle off the abnormally wide interest margins in Hong Kong last year. Net interest income remains depressed by the suspension of payments by UK problem borrowers. Provisions may not be on the scale of the other UK clearers, but that leaves less scope for profits to bounce. The shares will hardly out-perform much longer: they have risen 40 per cent against the sector during the last six months.

Hillsdown

It would be premature to advocate the stockmarket rehabilitation of Hillsdown Holdings. But judging by yesterday's results, things were never as bad as the group managed to make them seem. A disastrous year in the UK poultry business apart, Hillsdown's was a respectable trading performance in 1991. If only that had been mirrored in its investor relations. Shareholders, whose dwindling faith was shattered by last September's rights issue, were offered the sop of a 10 per cent dividend increase; surprising enough to move the shares higher.

Given how damaging the rights episode has proved, it is worth pointing out Hillsdown's enviably healthy gearing of 12 per cent. Management is gradually setting out its long-term strategy, which finally includes the disposal of non-food businesses. But it will take more than a year of steady progress to convince the market that Hillsdown can be trusted to play to its strengths.

Meanwhile, the case for any further acquisitions will have to be rock solid. Despite its much fitter operational base, Hillsdown must also run fast to overcome the handicaps of a rising tax charge and dilution following the rights issue. Although it is hard to see the shares ever recovering their premium rating of old, a 6.7 per cent historic yield already discounts a fair degree of scepticism. Once the UK poultry market improves, they might just join those of Dalgety in the dull but reliable class.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	13	55	Belgrade	S	9	48	Cape Town	S	23	73	Edinburgh	S	7	45	Inverness	F	5	41
Algiers	F	16	61	Berlin	R	6	43	Caracas	C	31	88	Faro	F	17	63	Islamabad	C	21	70
Amsterdam	C	7	45	Biarritz	F	11	52	Casablanca	S	17	63	Florence	S	12	54	Istanbul	F	11	52
Athens	R	8	46	Bombay	S	30	86	Chicago	S	-10	14	Frankfurt	F	7	45	Jakarta	R	32	90
Bahrain	C	17	63	Bordeaux	F	10	50	Cologne	C	6	43	Geneva	F	10	50	Jersey	S	9	48
Bangkok	F	34	93	Boulogne	S	9	48	Copenhagen	Sl	5	41	Gibraltar	F	16	61	Johannesburg	F	28	82
Barcelona	S	14	57	Brussels	F	7	45	Corfu	F	12	54	Glasgow	F	8	46	Lima		-	-
Beijing	S	12	54	Budapest	S	8	46	Dallas	S	5	41	Helsinki	S	5	41	Lisbon	S	15	59
Beirut	S	16	61	Buenos Aires	F	31	88	Dublin	Dr	6	43	Hong Kong	F	18	64	London	C	9	48
Belfast	C	6	43	Cairo	S	24	75	Dubrovnik		-	-	Innsbruck	F	6	43	Los Angeles	S	11	52

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Luxembourg	F	4	39	Miami	R	21	70	Nice	S	14	57	Salzburg	F	7	45	Tenerife	S	20	68
Madeira	F	18	64	Milan	F	11	52	Nicosia	S	16	61	San Francisco	F	11	52	Tokyo	S	15	59
Madrid	S	15	59	Montreal	R	-1	30	Oporto	S	17	63	Seoul	F	12	54	Toronto	F	-13	9
Majorca	S	16	61	Moscow	S	1	34	Oslo	S	9	48	Singapore	F	31	88	Tunis	F	14	57
Malaga	S	18	64	Munich	F	8	46	Paris	F	9	48	Stockholm	C	5	41	Valencia	S	17	63
Malta	F	14	57	Nairobi	C	27	81	Prague	F	7	45	Strasbourg	S	8	46	Venice	S	11	52
Manchester	C	7	45	Naples	F	12	54	Reykjavik	Sn	-4	25	Sydney	S	27	81	Vienna	F	8	46
Manila	F	34	93	Nassau	F	28	82	Rhodes	F	15	59	Taipei	C	10	50	Warsaw	S	10	50
Melbourne	F	28	82	New Delhi	S	30	86	Rio de Janeiro	F	34	93	Tangier	S	18	64	Washington	C	0	32
Mexico City	C	30	86	New York	C	13	55	Rome	S	13	55	Tel Aviv	S	17	63	Zurich	S	8	46

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES

COMPANIES & MARKETS

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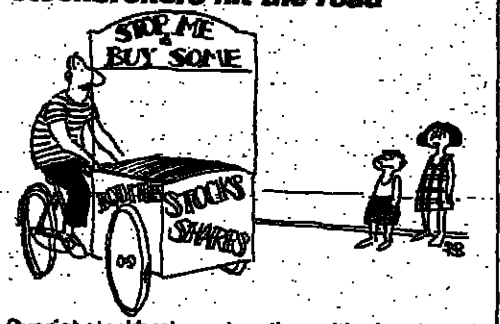
INSIDE

Swiss banks blow away doubts

Doubts have often been expressed in international banking circles about the ability of the big three Swiss banks to thrive in the deregulated, borderless markets of the future. Those doubts must be largely put to rest following record profits by the three. Page 18

Stockbrokers hit the road



Cypriot stockbrokers, together with chamber of commerce officials who supervise the island's small over-the-counter market, have been touring the countryside with what they call "an educational roadshow," ahead of the launch of an official trading floor in Nicosia. Back Page

Hillsdown edges lower

A halving of profits from its poultry and egg division caused a slight fall in annual profits from Hillsdown Holdings, the UK food processing group. Pre-tax profits for 1991 were 2.3 per cent lower at £186.8m ($317.56m). Page 18

Loral on the prowl again

Loral, the US defence electronics company whose crafty acquisition strategy has turned it into one of the darlings of Wall Street, is on the prowl again for more bargain deals. "We still have an appetite for growth both by internal investment and development and by acquisition," said Mr Bernard Schwartz, chairman. Page 20

HK remains a treasure trove

What's good for Hong Kong is clearly good for Hongkong Bank . . . and vice versa. So said Mr William Purves (left), chairman of HSBC Holdings, after announcing an 83 per cent rise in 1991 profits to HK$5.66bn (US$735m). Hongkong and Shanghai Bank had a year to turn many a British or US banker green with envy. But the results underlined the importance of Hong Kong to its profitability and future; it remains the bank's treasure trove. Page 19

Indians in a knot over coir yarn

Leading European importers have been upset by the operation of India's minimum export price scheme. Coir, the coarse fibre obtained from the outer coconut husk, is used chiefly for carpeting material and twine. Page 26

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Goldschmidt	800	+	7	Cred Lyon	590	+	10
Hoesch	251	+	5.9	Imm de France	998	+	59
Linotype-Hell	386	+	16	**Falls**			
Falls				BIC	680	–	8
Degussa	336	–	4.5	Dollfus Mieg	306	–	11.5
Hochtief	1250	–	15	GTM-Entrepose	386	–	10
Rosenthal	270	–	7	UAP	560	–	15

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Agouron Pharm	17½	+	3¼	Hokkaido Gas	665	+	43
Synaley	18½	+	1⅜	Renown Look	1140	+	70
Falls				**Falls**			
Dresser Inds	19⅞	–	⅝	Crown	750	–	100
Glaxo	27⅛	–	½	Daiwa Secs	775	–	65
Halliburton	25¾	–	1	Jidosha Buhin	254	–	31
Philip Morris	78½	–	½	Jollya	426	–	34

New York prices at 12.30.

LONDON (Pence)							
Rises				Enterprise Oil	369	–	20
BWD Secs	58	+	6	Gr Portland	150	–	12
Bespak	525	+	14	Guinness	802	–	23
Davenport Vm	123	+	6	Kingfisher	503	–	28
Gent (SR)	44	+	5	MTM	96	–	9
Microvitec	32	+	4	Proteus Intl	245	–	16
Neepsend	30	+	3	RMC	570	–	25
Plaxton	85	+	8	Rolls-Royce	151	–	5
T & N	124½	+	5	Scholes	104	–	8
Falls				Simon Eng	246	–	34
Abbey National	282	–	11	Slough Ests	175	–	22
Anglian Water	355	–	12	Tarmac	120	–	8
Dixons	328	–	12				
Elec Pk Uts C	2723	–	107				

Bayer pleases analysts with held dividend

By David Waller in Frankfurt

BAYER, the third of the big three German chemicals companies to report 1991 results, yesterday announced better figures than either BASF or Hoechst and – unlike the other two chemicals companies – said that it would be holding its dividend at the same level as 1990.

Bayer said pre-tax profits fell 4.8 per cent to DM3.2bn ($1.95bn) last year on sales up 1.8 per cent to DM42.4bn, and that it intended to hold its dividend at DM13 per share.

On Tuesday Hoechst and BASF both reported 1991 profits down by more than 20 per cent, and both said that they would be cutting their dividends by DM1 to DM12 per share.

Yesterday's figures pleased analysts who were predicting comparatively good figures for Bayer but were worried that the company would cut its dividend in line with the other two companies.

It was the first time since 1983 that the three companies' dividend policies have diverged.

Bayer gave no details on its results, but analysts said the better figures reflected the company's higher exposure to the non-cyclical pharmaceuticals sector.

More than half the group's sales come from pharmaceuticals, thus insulating group's earnings from the full impact of the prolonged downturn in the worldwide chemicals industry.

Analysts say that up to 70 per cent of current year profits could come from this area, in particular from four products, the Adalat hypertension drug, the Cipro antibiotic, Alka-Seltzer and Bayer Aspirin.

However, group profits are likely to be held back by the dire conditions in the chemicals sector, especially the polyurethane and titanium dioxide markets. World prices in these markets are weak because of intense competition.

Bayer said yesterday that group cash-flow rose 2.2 per cent to DM5.5bn and that last year it invested DM3.1bn on fixed assets and a further DM3bn on research and development, compared with DM3.7bn and DM2.7bn respectively in 1990.

● BASF announced yesterday that it is pulling out of the structural materials sector, an area which generated sales of DM100m last year.

It plans to sell the unit at Ludwigshafen which makes resin-impregnated semi-finished fibres, and BASF Structural Materials in Charlotte, North Carolina.

The decision will affect 550 workers in the US and 160 in Germany.

BASF said it was pulling out of the sector because the materials – mainly used in the manufacture of aircraft and sports equipment – had not found favour with mass production industries.

Stefan Wagstyl on Japan's troubled securities houses

Suffering from a spate of disputes

When Mr Masahiro Dozen was appointed president of Daiwa Securities at the peak of the bull market in Japanese equities, he jokingly talked of promoting a selection of stocks as "Dozen's dozen".

Yesterday he was in a different mood when he resigned saying his short term of two years and five months in office had "seemed like a very long time".

Daiwa forecast a Y43bn ($330.8m) net loss for the year to March 31, compared with a profit of Y146bn in Mr Dozen's first year. He was also forced to announce yesterday the Y72bn loss caused by *tobashi* disputes – in which brokers manipulated clients' accounts to help them dress up the accounts.

Even before taking this extraordinary loss into account, Daiwa's results are forecast to be the worst in real terms since the Japanese stock market crisis of the 1960s. At the pre-tax level, Daiwa forecasts a profit of just Y13bn, against Y119bn in 1991 and Y313bn in 1990.

Bowing out: Masahiro Dozen resigns as president of Daiwa

While the extraordinary loss is particularly severe, Daiwa's troubles are shared by the rest of the Japanese securities industry.

All the 250-odd stockbroking companies are suffering the worst slump in prices and turnover since the 1960s. They are also having to settle disputes with clients over trading losses suffered since the bull market ended in 1989.

To make matters worse, they have to regain their reputations following a spate of stock market scandals, including allegations of wrong-doing arising from the *tobashi* disputes.

Daiwa is in no immediate financial trouble. All the Big Four brokers – Nomura Securities, Nikko Securities, Yamaichi Securities and Daiwa – accumulated substantial reserves in the bull market.

Daiwa's consolidated shareholders' equity stood at Y1,069bn at the end of March 1991. It is less profitable than Nomura, the largest house, but comfortably ahead of Nikko and especially Yamaichi, which has already forecast an expected pre-tax loss of more than Y10bn for the year to the end of March.

Daiwa's net result will probably be worse than Yamaichi's but the fact that it expects to be in the black at the pre-tax level is crucial – it means it is not losing on its day-to-day business.

Smaller companies are in a far worse position. Ten out of 14 second-tier houses expect losses for the year. However, even the larger groups are concerned about continuing disputes with clients over portfolio losses.

The total capitalisation of companies listed on the First Section of the Tokyo Stock Exchange has dropped from Y590,000bn at the end of 1989 to under Y350,000bn – a loss of more than Y240,000bn.

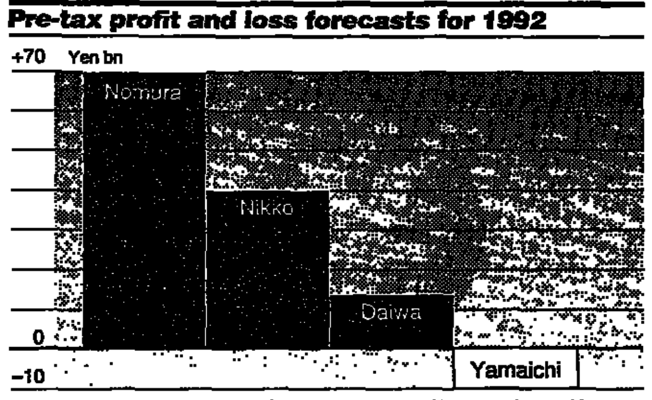
Only a small fraction of these losses is in dispute. But there is no estimate yet of how big that fraction might be. Worse, the success of the claim made by Tokyo Department Store, which won Y49.5bn from Daiwa, is bound to encourage other suits.

Moreover, in as much as the disputes bring to light shady commercial practices, such as window-dressing accounts, the disclosures will put the industry under renewed scrutiny from the finance ministry.

That, in turn, will hurt efforts to restore the market's reputation following last year's scandals involving links with gangsters and compensation payments for favoured investment clients.

So far, only small broking companies have lost their independence. But even medium-sized companies are being forced to make drastic cost savings, even closing offices. The longer the industry recession goes on, the more likely it is the Big Four, Daiwa included, will have to resort to such extreme measures.

Pre-tax profit and loss forecasts for 1992



Daiwa and Yamaichi are company forecasts, Nomura and Nikko are brokers' forecasts

Kyodo Oil and Nippon Mining announce merger

By Steven Butler in Tokyo

KYODO OIL, the oil products retailer and wholesaler, and Nippon Mining, the oil refining and mining company, yesterday agreed to merge in response to government deregulation of the oil industry.

The deal will create Japan's second largest integrated oil company. The two companies, which already have close links, had combined oil sales of Y2,184.8bn ($17.3bn) in the fiscal year ending last March.

The merger is aimed at creating a stronger oil group in expectation that competition will intensify in the Japanese market in the years ahead, following government moves to deregulate oil refining in the fiscal year beginning next month.

Under the terms of the merger, Nippon Oil will take over Kyodo Oil's distribution business, while Nippon will spin off its nonferrous metals division, where profits have been under pressure. Nippon currently holds a 47 per cent equity stake in Kyodo and is one of the company's principal oil products suppliers, along with Kashima Oil.

Kyodo is Japan's fifth largest petrol distributor with an 11.5 per cent share of the market and total sales of 5.19m kilolitres last year. It has 6,381 branded petrol stations nationwide, with about a third in the Kanto region surrounding Tokyo.

Kyodo and its affiliated suppliers, however, have excess refining capacity against retail distribution. This excess capacity could become a liability following deregulation as Mitsubishi Oil, for one, is planning to expand refining capacity to reduce dependence on outside suppliers.

"There is a very high possibility of overcapacity in the industry," said Mr Jason James, analyst at James Capel Pacific.

Mr James said the Nippon Mining-Kyodo Oil group was likely to try to expand its retail network to find an outlet for refined product. This however would be an expensive proposition that could lead to excess capacity and severe competition at the retail level.

Japan's Ministry of International Trade and Industry (Miti) has tightly regulated the oil industry since the oil shocks of the 1970s. It began a process of dereguation in 1987, but measures taken to date have had little practical impact. This is expected to change when Miti scraps oil refining quotas and allows refiners to determine their own level of production.

In addition to its 281,200 barrel a day domestic refining capacity, Nippon Mining has interests in offshore oil production in Abu Dhabi, and gas production on Kalimantan Island, Indonesia.

Gillette given 6 months to divest Eemland interests

By Robert Rice, Legal Correspondent and Peggy Hollinger in London

GILLETTE, the razor group, was yesterday given just over six months by the UK government to dispose of its shareholding in and loan to Eemland, parent company of Wilkinson Sword, its main rival in the UK wet shaving products market.

Mr Peter Lilley, trade and industry secretary, said he had decided to make an order under the Fair Trading Act forcing Gillette to divest its interests in Eemland – formerly known as Swedish Match – following advice from Sir Gordon Borrie, director-general of fair trading.

Sir Gordon had been negotiating with Gillette after the Monopolies and Mergers Commission ruled last year that a financial link between the two companies could work against the public interest.

Gillette lent $69m to a buy-out of the consumer products division of Stora, the Swedish paper and forestry group, which formed Swedish Match and took a 22 per cent stake through non-voting shares.

Gillette has always disputed the MMC's findings maintaining that its interest in Eemland did not give it any influence over Wilkinson Sword.

However, Gillette has the right to prevent shareholders selling stakes to other companies, and to turn its stake into ordinary voting shares which could give it management control.

An Eemland spokesman said the group would not be affected by the MMC's decision. The $69m mezzanine finance arranged with Gillette did not allow for the loan to be called in before it falls due. "Our obligations under that finance will be the same whoever holds it," he said.

The disposal of Gillette's 22 per cent non-voting stake would also have little effect on Wilkinson, he said.

Gillette has spent the past two years trying to convince competition authorities around the world that its involvement in the deal did not damage competition.

Deutsche Babcock to float units

By Christopher Parkes in Bonn

DEUTSCHE BABCOCK, the hard-pressed plant and engineering group, is to float three subsidiaries on the German stock market as part of a bid to retain its independence, according Mr Heyo Schmiedeknecht, chairman.

The company had to improve value to shareholders and persuade them not to sell at current low prices. These were "an invitation" for someone to consider a bid, he said yesterday. The group believed up to 20 per cent of its stock had changed hands recently.

Downgrading profit forecasts for the current year, which ends on September 30, Mr Schmiedeknecht said he did not expect to be able to pay a dividend until 1993-94. The last payout, of DM4 a share, was made in 1989.

The company made net profits of DM32m ($19m) last year after a DM81m loss in 1989-90. This year's result, earlier expected to be at least DM80m, would now be between DM30m and DM40m, he said.

Order developments in the first five months of the year had made the company more cautious. The uncertainty stemmed from core businesses in power and environmental technology. Boiler-making, for example, was still in the red.

Power plant orders had slumped, and the group was now negotiating possible joint ventures in several east European countries in the hope of bolstering earnings from the sale of know-how.

Subsidiaries being prepared for flotation were Balcke-Dürr, Babcock-BGH and Schumag, specialists in mechanical engineering, plant and industrial technology.

Mr Schmiedeknecht, who has overseen a big restructuring programme since he took charge in 1990, gave no further details.

Group sales rose 26 per cent to DM7.3bn in 1990-91, but almost all of the growth came from recently-purchased companies.

● Henkel, the detergents and consumer products group, has acquired a 50 per cent stake in Egyptian detergent maker Port Said Detergent & Chemical Industries for about DM10m. Henkel expects to market its brands in Egypt during 1992. The Egyptian group produces 30,000 tonnes of powder and 10,000 tonnes of liquid detergent a year.

BTR cuts staff at Hawker Siddeley

By Andrew Bolger in London

BTR, the UK industrial conglomerate, has started to cut significantly the workforce of Hawker Siddeley, the British engineering group which it won in a £1.55bn takeover last November.

Hawker employed 42,000 at the time of the takeover, in 100 operating units, and BTR said yesterday it would ultimately reduce the workforce by between 10 and 15 per cent in view of the drop in demand caused by recession.

However, BTR is bullish about the prospects for Hawker and remains confident that the purchase will not dilute its earnings this year.

Mr Alan Jackson, chief executive, said: "Hawker really does look a very good acquisition. Some of these businesses are very good and have exceeded our expectations."

BTR reported a 3 per cent drop in pre-tax profits to £917m in the year to December 31 on flat sales of £6.74bn. It said the results confirmed the group's resilience through the worst world economic conditions for almost half a century. BTR shares closed 13p lower at 386p.

Earnings per share rose 2.3 per cent to 31.5p from 30.8p, mainly because a 41 per cent drop in net profits from BTR Nylex, its Australian subsidiary, reduced the payment to minority interests from £154m to £100m.

The Hawker acquisition helped push up group gearing from 41 per cent to 39 per cent at the year end, with a total goodwill write-off of £1.2bn on acquisitions.

BTR said the gearing figure should be viewed against its strong trading cash flow generation of £1bn last year and interest cover of 8.3 times.

Mr Jackson will make some disposals this year, but BTR is now thinking of holding on to more than the 80 per cent of Hawker which it intended to keep during the bid.

Efficiency savings had added about £70m to profits.

However, these had not been sufficient to offset the effects of real volume declines in most markets and the costs of rationalisations and redundancies of £56m (up from £31m), charged to trading results.

A final dividend of 9p compared with 8.75p gives a total for the year of 16.5p against 15.75p, an increase of 4.8 per cent. Dividend cover by earnings drops from 2 to 1.9 times.

Details Page 24
BTR Nylex results Page 24
Lex Page 16

Standard Chartered bucks trend with 37% advance

By Robert Peston in London

STANDARD Chartered, the international bank which has its headquarters in the UK, yesterday announced a 37 per cent increase in pre-tax profits to £205m ($348.5m), bucking the trend of poor results announced by most UK banks.

"It is good to be able to build the business, rather than fighting to stem the decline, as we were a year ago," said Mr Malcolm Williamson, the managing director.

The core of Standard's operations is in the Asia Pacific region and its Hong Kong bank is particularly important. Trading profits in this region were £184m, 20 per cent higher than the previous year. But Mr Williamson said the trend to interest rates in Hong Kong was particularly favourable and he did not expect the exceptionally wide spread between the local borrowing and lending rates to be sustained over the longer term.

There was also a sharp rise, from £24m to £38m, in profits earned in the Middle East and South Asia. But, operations in Australia and the US were loss making. A sharp rise in the charge for possible losses on UK loans, from £107.8m to £130.2m, meant UK and European businesses made a trading loss of £46.5m, against a profit of £19.3m in 1990.

The bulk of the UK bad debt charge – between £70m and £80m – relates to Standard's exposure to Brent Walker, the leisure company undergoing a financial reconstruction.

Analysts were generally impressed by the banks' performance. "Compared to the directors of many other UK banks, Standard's management is able to project a remarkably credible business strategy," said a leading broker. But, some analysts were disappointed by a £36m extraordinary charge made by Standard to cover a potential tax liability which may be owed by Union Bank, a Californian bank sold by Standard in 1988.

Standard maintained its full-year dividend of 20p, which is covered more than twice by per share earnings of 44.3p, up from 13p in the previous year.

This ratio of Standard's earnings to dividends is far higher than most UK banks. Standard had scope to lift its dividend but Mr Rodney Galpin, the chairman, said it was more important for Standard to build up its equity base by retaining profits rather than distributing in the form of dividends.

Standard is reducing its involvement in lending to companies, which has been the source of many of its problems. In the UK, US and Australia, it plans to dispose of around £2bn of poor quality loans over the next three years, to concentrate on its mainstream activities of trade finance, foreign exchange trading and merchant banking.

Hillsdown earnings edge lower

By Maggie Urry in London

A HALVING of profits from its poultry and egg division caused a slight fall in annual profits from Hillsdown Holdings, the UK food processing group. Pre-tax profits for 1991 were 2.3 per cent lower at £186.8m ($317.56m), compared with £191.2m the previous year.

However, the result was slightly above expectations and a 10 per cent increase in the dividend helped the shares to rise 3p to 172p, despite the weak stock market. Fully diluted earnings per share fell 13.5 per cent to 21.1p against 24.4p adjusted for the rights issue.

Sir Harry Solomon, chairman, said that apart from poultry, where operating profits fell from £59.4m to £26.3m, all the group's food businesses "met or exceeded our expectations in 1991". He said 84 per cent of operating profits came from food.

Mr David Newton, group chief operating officer, said the company was working on the integration of Hillsdown's poultry business and that of JP Wood, acquired in February from Unigate for £36.7m.

Sir Harry said the JP Wood deal was an example of the group's strategy of using bolt-on acquisitions to strengthen the core businesses. Meanwhile, he said that Hillsdown was selling its peripheral activities, such as ice cream and petfoods, and the flotation of Fairview, the housebuilding subsidiary, was planned when market conditions allowed.

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Stora tumbles 61% on weaker demand

STORA, Europe's biggest pulp and paper company, yesterday reported a 61 per cent fall in profits after financial items to SKr1.09bn ($179m) for 1991 as it announced management changes, writes John Burton.

Mr Lars-Ake Helgesson, the head of the Stora Papyrus fine paper division, has been appointed president of Stora. He succeeds Mr Bo Berggren, who will be chairman of Stora once Mr Peter Wallenberg retires.

Despite the sharp earnings fall Stora will retain an unchanged dividend of SKr13. Sales rose 8 per cent to SKr67.1bn.

Although weaker demand and competitive price-cutting were largely to blame for the slide in profits, restructuring costs also increased by 50 per cent to SKr504m as Stora continued a three-year programme to eliminate 6,000 jobs by the end of this year, reducing its labour force to 39,000.

Mr Berggren warned a further 500 job cuts might be necessary. Stora said it was difficult to predict the outlook for 1992. It believed competition would remain tough in the product areas of printing paper and fine paper, due to excess production capacity.

Profits halved at Alliance & Leicester

By David Barchard *in London*

HEAVY losses on commercial lending helped halve the pre-tax profits of Alliance & Leicester, the third largest UK building society, in 1991.

In what is likely to be the worst performance from any top building society, with the possible exception of Nationwide, Alliance & Leicester reported pre-tax profits of £99.5m ($169.15m) for the year to December 31, down from £198.6m.

Mr Peter White, the society's newly appointed chief executive, said yesterday he had drawn up a three-year reconstruction plan following the results. He described the results as very disappointing.

"We have made realistic provisions and we are now emphasising the quality of our lending and building up balance sheet strength and containing our costs, and look forward to renewed profit growth in 1992," Mr White said.

Prospects of Alliance & Leicester following Abbey National to the market with a flotation have had to be deferred indefinitely. Until these results were announced, it seemed likely the society would float on the stock exchange in the next two years.

There was a £215m charge for bad debts, with £140m coming from commercial lending to hotels, nursing homes and house building operations. Total provisions were £251.6m at the end of the year, up from £104.4m a year ago.

The society withdrew from new lending to this sector over a year ago and commercial lending makes up only 4.5 per cent of its portfolio, against 6.3 per cent.

There was a £63m charge for residential lending.

Residential mortgage business shrank by 17 per cent from £3.3bn in 1990 to £2.74bn. The society's 95-branch estate agency operation lost £7.8m, down from losses of £9.7m in 1990.

The size of Alliance & Leicester's provisions surprised the industry since it had been regarded as one of the best-run of the societies.

Nimble players in a global market

Ian Rodger examines the performance of the big three Swiss banks

In the past few years, doubts have often been expressed in international banking circles about the ability of the big three Swiss banks to thrive in the deregulated, borderless markets of the future.

But those doubts must be largely put to rest following the publication of record profits by the three, Union Bank of Switzerland (UBS), Swiss Bank Corporation (SBC) and Crédit Suisse, for 1991, a year in which big banks in the UK, the US and Japan all sagged under the pressure of weak economic conditions.

The performance of the banks is all the more remarkable coming only a year after most of the conventions which had enabled them to limit competition and keep margins high in Swiss financial markets were removed.

Swiss bank managers are seen as slow moving and unimaginative, running their banks like they run their country's citizen army, and their initial attempts at achieving global reach often foundered. UBS and its chief executive Mr Richard Struder had a long struggle with its Phillips & Drew acquisition in London before receiving any return on its investment, and Crédit Suisse's problems with its First Boston subsidiary in 1990 put great strain on the bank's resources.

But, in the past year, these problems have been dealt with and the big three have shown themselves to be nimble and successful global players.

Crédit Suisse said 30 per cent of last year's net income came from foreign operations, while UBS drew attention to the 25 per cent contribution from foreign operations to its bottom line last year. At SBC, overall progress in this direction was concealed by the cost of huge write-offs on bad loans in the US and the UK.

In their basic lending business, the three took full advantage of sound capital bases and the retreat of US and Japanese banks from the international corporate market, booking loans to highly rated companies all over the world at healthy margins. UBS reported interest income up a handsome 23.3 per cent to SFr626m ($417.3m), but its loan book grew only 4 per cent.

The three have also reacted successfully to the liberalisation of commission rates in the Swiss equity markets by enticing small customers into managed investment funds. Investment funds managed by Swiss Bank Corporation, the second largest, nearly doubled to SFr21.1bn.

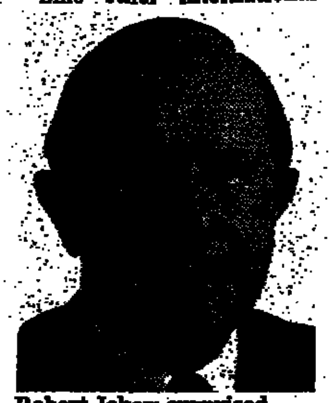
All three, but SBC and Crédit Suisse in particular, have made enthusiastic use of derivative products to manage risk.

SBC revealed that its association with the derivative specialists, The O'Conner Partnerships in Chicago, in which it invested about SFr90m a little over a year ago, yielded net income of SFr107m last year. Profits from trading at Crédit Suisse, driven mainly by the Credit Suisse Financial Products subsidiary in London, soared nearly sixfold to SFr1.3bn.

All three also showed big gains on foreign exchange trading and officials made clear that these came from offices in New York, London and Tokyo, not from Zurich.

In securities-related business as well, the big three have decided it is more important to be competitive than to be in Switzerland. No less than 88 per cent of Crédit Suisse's investment funds are now based in Luxembourg, mainly to avoid Switzerland's stamp duty. SBC and UBS operate about 60 per cent of their managed funds in Luxembourg.

Like other international



Robert Jeker: surprised by fall in property prices

banks, the big three felt obliged to make big provisions for bad loans last year. SBC and Crédit Suisse were among those who loaned large sums to companies controlled by Mr Robert Maxwell. Polly Peck, Brent Walker and Macy's are among other foreign names that appear prominently on bad loan lists.

At home, the big problem has been the slump in the property market. As Mr Robert Jeker, chief executive of Crédit Suisse, said last Friday, "in the past, we did not imagine that property prices in Switzerland would decline".

All reported having to make significant numbers of repossessions for the first time in memory – 72 properties worth SFr99.4m in the case of UBS – and Mr Heinz Müller, a group director, said he would not be surprised to see the figure double this year. UBS and SBC have 45 per cent and 40 per cent respectively of their advances to customers in mortgages, Crédit Suisse only a third.

The banks have been rapidly adapting their disclosure practices to international standards, and they now provide much more information about their activities and financial health. The near mythical secret reserves have been exposed, revealing that all three have capital resources well beyond those required under the Bank of International Settlements guidelines.

That does not mean they do not take advantage occasionally of the leeway that exists between international standards and the more lax Swiss ones.

Last year SBC pulled SFr400m out of a general provision for sovereign risks that it said was no longer needed and used it to reduce bad debt provisions to SFr1.5bn.

Some analysts worried about the increasing proportion of the banks' income coming from trading activities, especially from derivative products.

Others point out the number of banks in the world that have the skills and the financial strength to compete in these sophisticated areas is small and perhaps shrinking.

And that is probably one reason why the big three are all confident of further profit growth this year, in spite of dreary economic conditions in Switzerland and in many other countries.

Uni to lift dividend as profits climb to NKr565m

By Karen Fossli in Oslo

UNI STOREBRAND, Norway's largest insurance group, yesterday reported an increase in 1991 net profits, before allocations, to NKr565m ($86.9m). The dividend is rising to NKr2.60 a share from NKr2.40.

The result exceeded analysts' forecasts which were for a profit of between NKr140m and NKr530m. "The increase to a large extent is due to international business improving... while the contribution from life assurance increased substantially," Uni explained.

Group operating income last year rose by NKr614m to NKr19.54bn, while operating costs were cut by 2 per cent. Included in operating income is investment income which fell by NKr251m to NKr5.52bn.

Uni said the decrease in operating costs was consistent with the aims of the merger – planning to cut costs by 10 per cent over two years. Storebrand merged with Uni Forsikring last January.

Uni said that in 1991 it lost NKr504m on its shareholdings in Den norske Bank, Christiania Bank and the mortgage group, Realkreditt.

Uni said it had liquidated financing activities. To this end, an extraordinary charge of NKr212m was made against the 1991 accounts.

Due to a reduction in the interest rate for housing loans to 11.5 per cent, 11,000 housing loans were granted totalling NKr3.88bn, with total loans reaching NKr22.8bn at the end of 1991.

A very good place to own a bank

Simon Holberton assesses the numbers behind the 83% rise at HSBC

William Purves: no rights issue this year

What's good for Hong Kong is clearly good for the Hongkong Bank . . . and vice versa. So said Mr William Purves, chairman of HSBC Holdings on Tuesday night after announcing an 83 per cent rise in 1991 profits to HK$5.66bn (US$730m).

Some in the colony may take issue with Mr Purves's afterthought but none would question the validity of his first observation.

Hongkong and Shanghai Bank had a year to turn many a British or US banker green with envy. But the results continued to underline the importance of Hong Kong to its profitability and future; it remains the bank's treasure trove.

The bank does not make it easy to divine the source of its profits. Regulators in the US and Australia make it come clean about its profits and, *more to the point*, losses in their jurisdiction, but not in Hong Kong where banks are allowed to salt away earnings in hidden reserves.

The best way to get an inkling of the bank's domestic Hong Kong business is to restate its declared profit on a "before losses" basis. As all its loss-making operations are in the US, Australia and, until recently, the UK, then its profit centre must be the Asia Pacific region, of which Hong Kong is known to represent the bulk.

By adding back the losses it appears that the board of the bank decided on a profit before losses of HK$7.4bn, a virtually identical figure to the before losses profit in 1990. By keeping that figure virtually constant the rebound in last year's profits is explained by the turnround in the bank's operations in the developed world.

However, Mr Purves gave a hint as to what the bank transferred this year to hidden reserves. He said the transfer to inner reserves was greater than the profit the bank made on the sale of part of its stake in Cathay Pacific, the Hong Kong airline. That sale produced an exceptional profit of HK$1.6bn.

That takes 1991 net profit, before transfers to inner reserves, to more than HK$7.3bn. While this figure accounts for a lot of the bank's profit last year it does not appear to account for much profit growth in the Hong Kong part of the business.

So what happened in Hong Kong? Mr Purves said that the local bank did well last year. He added that its growth in profits was of a similar order to other local banks.

Hang Seng, the nearest in size to the bank – excluding the 13 member banks of the Bank of China group, which do not report – reported a near 30 per cent growth in net earnings last year.

The Bank of East Asia – a distant third in the rankings – reported a 30 per cent rise in its net profits.

Hong Kong was one of the best places in the world to own a bank last year. Last June the government, in an attempt to dampen a feverish housing market, engineered a rise in bank lending rates but did not allow an increase in deposit interest rates. It wanted to preserve the colony's fixed link *with the US dollar and a rise in* local deposit rate could have fuelled demand for the Hong Kong dollar.

Bank analysts at Salomon Brothers, the US securities house, estimate that the average lending spread for all banks in the colony rose from about 3 per cent mid-year to more than 5 per cent by the end of 1991.

This is a large change in margins, and one which seems likely to prevail at least until the middle of this year, but possibly longer – underwriting bank profitability for much of the year.

Mr John Gray, the bank's executive deputy chairman, said yesterday that a close eye was kept on costs and further gains in productivity sought in the Hong Kong operations as well as in overseas subsidiaries.

There is more. Mr Gray said the board had taken a decision this time to put a lot more into the bank's general reserve. This was prudent because of the uncertainty surrounding the economic situation in North America, Europe and Australia, Mr Gray said.

At Tuesday night's press conference Mr Purves killed two hares, until then scampering through financial markets, stone dead. The bank would not be having a rights issue *this year and it would not be* making a European acquisition either. Its preference remained for an "alliance" along with the one it enjoys with Wells Fargo in the US.

However, he did set another hare running. Last April's changes to the bank's structure – the bank's assets were rearranged and ownership vested in the UK incorporated HSBC Holdings – prompts the thought in some analysts' *minds*, notably Mr John Mulcahy of Peregrine, the local broker, that it could float equity in Hongkong and Shanghai Banking Corp, the subsidiary which manages the Asia Pacific assets.

Mr Purves said he would not preclude it, but added that it was not on the agenda and not before the board.

He did say that the holding company would begin to take on responsibilities best handled *at a global level, and that* the board of the bank in Hong Kong would become more localised, while the board of the holding company would become more international in its representation.

Changes are happening at a senior management level. Mr Gray said that within 18 months a general restructuring of the bank should be complete, involving the transfer of treasury risk and policy analysis, *legal and management* information systems, and human resources, among others.

"This process will evolve," Mr Gray said. "We want to avoid creating more management layers and additional costs."

However, as 1997 approaches, it is not impossible to conceive of a situation where a large minority interest in the main subsidiary were floated – or placed.

This would satisfy the appetite for international investors to own a slice of one of the best regional banks in Asia; if a part were sold to a mainland Chinese company it may be a way for the bank to secure its relations with Beijing.

Agency lifts credit watch

MOODY'S Investors Services, the US credit agency, has taken the Hongkong and Shanghai Bank off its "credit watch" list and confirmed its Prime-1 rating for short-term deposits and commercial paper, *writes Simon Holberton* in Hong Kong.

Mr John Gray, the bank's deputy chairman, said: "We're happy about" the reinstatement. He said the bank had found it difficult to understand why it had been placed on credit watch.

Moody's said the confirmation rested on a balance of positive and negative factors. Although a number of Hongkong Bank's affiliates remained problematic "their performance appears to have . . . begun to turn around," the agency added.

The confirmation of ratings covers the bank's Canadian and US subsidiaries and Concord Leasing. In aggregate, the bank's short-term debt is valued at about US$1.5bn. It has no long-term debt.

ANI reports 31% drop in earnings for 7 months

By Kevin Brown in Sydney

AUSTRALIAN National Industries (ANI), an engineering group, yesterday announced a 31 per cent cut in net profits to A$33m (*US$24.8m*) for the seven months to the end of January, on sales down 17 per cent at A$669m.

Mr Max Sandow, chairman, said the result reflected falling demand caused by severe recessions being experienced in the group's main markets in Australia and the UK.

Mr Sandow said trading conditions were not expected to improve in the remainder of the financial year. However, *increased infrastructure spend*ing announced by the Australian government would eventually benefit many of the group's businesses.

*He said ANI may take advan*tage of its strong balance sheet by expanding its core businesses through acquisitions.

The group said its recent acquisition of Spencer Clark Metal Industries in the UK, a specialist metal processing company, would *lead to a wide* range of profit improvements for its Aurora group of companies in the UK and Germany.

The Aurora companies suffered a severe downturn during the period because of a decline in demand from the recession-affected aerospace and defence industries.

However, ANI said significant cost reductions and continuing capital expenditure had increased Aurora's competitiveness and profitability.

The interim dividend is unchanged at 5.3 cents a share, fully franked, reflecting the company's strong cashflow and low debt, *which declined by* A$33m to A$54m during the period.

Israeli bank profits gain almost 50% to Shk63.5m

By Hugh Carnegy in Jerusalem

FIRST International Bank of Israel (Fibi), controlled by Brazilian brothers Mr Joseph and Mr Maurice Safra, announced a net 1991 profit of Shk63.5m (*$27.6m*), a near 50 per cent improvement over 1990 when the bank's record as Israel's most profitable bank slumped under the weight of domestic recession and reverses in its UK operations.

In 1991, net return on capital at Fibi, Israel's fifth largest bank, bounced back to 8.4 per cent from just over 6 per cent the previous year when it lost its position as best performer to Bank Hapoalim, the *country's biggest* bank.

The bank's bigger rivals have yet to report, but Fibi is likely to be back on top for 1991 as the Bank of Israel has warned that profits *at the* "big four" will be all but wiped out by a new law enforcing big *write-offs of agricultural debts.*

Fibi raised its provisions by more than 23 per cent to Shk92m, but said the new law had little effect on its results because bad farm debts had been fully provided for previously.

Fibi, the only one of the five top banks not majority owned by the government, said it had achieved last year's improvement by expanding banking activities in the business and financial sectors and through greater involvement in the capital markets.

Net operating income was up more than 24 per cent at Shk182.4m.

Total assets were up 7.2 per cent at Shk10.5 bn.

The bank announced a cash dividend – the first for three years – *totalling Shk13.7m, or* three times nominal share capital.

Aga ups dividend as sales rise 2½%

By John Burton in *Stockholm* ***and Hilary Barnes*** *in Copenhagen*

AGA, the Swedish industrial gas group, yesterday reported unchanged profits after financial items of SKr1.43bn ($236m) for 1991 and predicted that earnings will remain broadly the same in 1992. The dividend is going up to SKr8.50 from SKr8.

Sales rose by 2.5 per cent to SKr12.7bn.

However, the operating profit after normal depreciation fell by 7 per cent to SKr1.45bn due mainly to lower earnings in its gas division.

Profits for the gas operations fell by 13 per cent to SKr1.1bn, reflecting decreased earnings in its Brazilian subsidiary.

Gas sales were unchanged at SKr8.5bn.

Frigoscandia, its food processing and cold storage business, reported a 22 per cent growth in profits to SKr202m due to higher capacity use of cold store units. Sales increased by 6 per cent to SKr2.8bn.

Aga's Uddeholm energy unit, which was sold last month to the Swedish power company Gullspang, reported a 18 per cent increase in earnings to SKr118m, while sales increased by 9 per cent to SKr1.3bn.

● **Huhtamaki**, the Finnish confectionery, packaging and pharmaceuticals group, reported a 6 per cent increase in profits after financial items to FM251m ($55m) for 1991.

The dividend has been increased to FM2.70 from FM2.60.

Sales rose by 2 per cent to FM5.9bn. Huhtamaki said that 1992 would be another year of slow growth in both sales and earnings.

The confectionery group, *which accounted for* 55 per cent of total corporate sales, increased sales by 12 per cent to FM3.2bn. But its operating profits were virtually unchanged. There was a slight decline in profits for the packaging sector, although sales rose by 2 per cent to FM1.2bn.

The food units recorded a more steep fall in profits while sales slumped by 21 per cent to FM767m due to the depressed Finnish economy and the virtual cessation of exports to the former Soviet Union.

The pharmaceutical business was mainly responsible for *Huhtamaki's earnings* increase as the division increased operating profits by a third, although sales fell by 6 per cent to FM644m.

● Novo Nordisk, the Danish pharmaceuticals and enzymes producer, increased pre-tax profits by 28 per cent to DKr1.46bn ($225m) last year, while net profits rose by 22 per cent to Dkr928m, a return on equity of 11.2 per cent.

Sales increased 16 per cent to DKr9.37bn. An unchanged dividend of DKr4 per share is planned on increased capital.

The only set-back reported in *the preliminary statement* after a year of advance on almost all fronts was that the development of a nasal insulin preparation, for which promising trials were reported last summer, required "further optimisation" and would be delayed by one to two years.

Substantial new investment would be made in Denmark and abroad in expanding production capacity in 1992, the company said.

The group made no forecast for 1992, but said that it hoped to achieve a result compatible with its aim of a long-term annual increase in pre-tax profits of at least 15 per cent.

O&Y acts to allay concern on financial state

By Bernard Simon in Toronto

OLYMPIA & York, the Canadian property group and developer of London's Canary Wharf, has been taking steps to allay concerns about its financial condition.

A quiet word from senior O&Y officials is understood to have contributed to a decision by Dominion Bond Rating Service, Canada's largest credit-rating agency, to reaffirm ratings late last week on publicly-traded O&Y securities. The ratings, which classified the securities as investment grade, had been issued only a few weeks before. The decision to reaffirm them was "unusual, but the circumstances were unusual," said a DBRS official.

Shortly after the DBRS announcement, Mr Oskar Lustig, O&Y's comptroller, set up a conference call to the seven Canadian securities dealers who make a market in the company's commercial paper.

According to other participants in the call, Mr Lustig stressed the reaffirmed ratings, and outlined O&Y's plans for an orderly retirement of the commercial paper programme.

An O&Y spokesman said yesterday the redemption of the commercial paper was "being done in a very orderly way". About C$270m of C$500m in one of two series of paper has already been redeemed. The intention is to retire all C$800m outstanding as it matures.

As part of its efforts to raise cash, O&Y is also understood to be on the point of selling its controlling interest in Home Oil, a Calgary-based oil and gas producer. It is also seeking buyers for its stakes in Abitibi-Price, the large newsprint producer, and Gulf Canada Resources, another energy group.

These moves appear to have had only limited success, however, in restoring outsiders' confidence in O&Y. For instance, trading has dried up in bonds secured by First Canadian Place, O&Y's 72-storey Toronto flagship building.

One tranche of the bonds, maturing next year, currently yields 3.2 percentage points more than equivalent Canadian government paper. By contrast, the spread on 10-year bonds issued by Hammerson Canada, another property developer, is only 1.9 percentage points.

The Reichmann family, which owns O&Y, has consistently refused to disclose details of the parent company's financial condition, even to backers of their projects.

One senior Toronto real estate expert said yesterday that "they're paying the price for all their secrecy". He said outsiders were unable to assess the full extent of the Reichmann family's debts.

On at least two occasions in the past fortnight O&Y has made an unusually late redemption of maturing commercial paper. A trader at one securities firm said that Royal Bank of Canada, which acts as O&Y's issuing and paying agent, waited until after 6pm last Monday to redeem paper maturing that day. It is usual for redemptions to take place earlier, during the main part of the working day. A Royal Bank official said yesterday that the time of payment generally reflects when the paper is covered by the issuing company.

O&Y is also understood to have turned down a proposal last week by securities dealers that it become more active in creating a secondary market to support its commercial paper.

On February 5, O&Y sold its controlling shareholding in Interprovincial Pipe Line (IPL), which operates the world's longest oil pipeline network.

GW Utilities, which is 89 per cent owned by O&Y, sold its 63.5 per cent stake in IPL for C$26 a share, which was below the prevailing market price. The shares, trading at C$27¾ before the deal, are being sold on an instalment basis, with full payment due only in March 1993. But GW Utilities said it plans to pay a special dividend of C$4.50 a share "at the earliest possible date".

The IPL sale, which will bring O&Y C$160m in dividends, marks the fourth time since January 1991 that GWU has paid a special dividend to O&Y as a result of asset sales.

Loral goes on the attack in defence

Paul Betts on the US defence electronics group's expansion plans

Loral, the US defence electronics company whose crafty acquisition strategy has turned it into one of the darlings of Wall Street, is on the prowl again for more bargain deals.

"We still have an appetite for growth both by internal investment and development and by acquisition," said Mr Bernard Schwartz, the company's chairman and architect of Loral's transformation from a struggling company with $30m annual sales in the early 1970s into one of the leading US defence electronics contractors with a turnover of about $3.3bn in its current financial year ending this month.

The uncertainties facing the defence industry have depressed the value of many companies in this sector. But while most defence companies are seeking to rationalise their military business, Mr Schwartz sees this as offering Loral a chance to pick up further opportunities to expand its core defence electronics businesses.

Mr Schwartz's last big acquisition was the $750m takeover of Ford Aerospace 18 months ago. But he has systematically acquired some of the defence activities of leading US "blue chip" companies which decided to diversify into the military sector and are now refocusing their activities on their core operations.

Over the past seven years, Loral bought the military computer operations of IBM; the military operations of Honeywell Optics; the defence business of Goodyear, Xerox and Fairchild/Schlumberger before buying the defence and aerospace activities of the Ford car group.

"There are still some big companies out there which have military operations," he said. "These companies sought to diversify into the military business when diversification was the buzz-word. My focus has been the opposite. We always concentrated on our core defence business," he explained.

The strategy has paid handsome dividends. Although Loral has never been a household name, it has now become a leader in several defence electronic sectors including aircraft protection systems, training and simulation, command and control, weapon delivery and battle management systems.

The company has also had an uninterrupted run of earnings increases. "We have continued to improve our profits every year," Mr Schwartz said. "This year will be the best we ever had," he added.

For the first nine months of its current financial year, Loral reported net income of $81.4m compared with $59.7m for the same period the year before. Mr Schwartz expects profits for the current financial year to be around 13-15 per cent higher than last year. "Next year will probably be not so much but I'm still hoping for a double-digit increase," he said.

Although the defence industry has come under pressure because of government cuts, Loral remains confident about its future prospects because of its strategy of concentrating on tactical weapons rather than on the strategic nuclear weapons of the Cold War era. "We've always been in the retrofit business," explained Mr Schwartz. "We design and manufacture improvements on present weapon systems," he said. In the post Cold War defence market, emphasis on retrofitting and enhancing existing weapons systems is expected to grow.

The company, which saw about two thirds of its product line used in the Desert Storm operation in the Gulf conflict last year, is also looking at future market opportunities in the Middle East.

But Loral has traditionally concentrated its defence activities on the US. In spite of budget cuts, Mr Schwartz said the US defence market will continue to be huge. "It still remains a very large market despite the precipitous decreases in defence spending: we are talking of $289bn last year and $270bn this year. The defence budget is still larger than the US housing market and is about the same size as the US automobile industry," he said.

Loral has not been spared by the cutbacks in defence. Mr Schwartz acknowledged Loral, which today employs about 25,000 people, has also had to adjust to the new defence environment. But the company started rationalising several years ago. "Our labour population has decreased by about 10 per cent over the last few years. But we never faced a cataclysmic cutback of resources," he explained.

Mr Schwartz believed the defence market would eventually stabilise. "We can still show earnings growth in this difficult period. But there will be fewer industrial competitors in what is still a very large business and our market share will increase. At least, that's the target," he said.

Although Loral's emphasis remains the defence business, Mr Schwartz has also moved the company into the commercial satellite business following the Ford Aerospace acquisition. "But moving into the commercial sector is not a primary thrust of our strategy and it's not our objective to balance our military business with commercial activities," he added.

The commercial space business was an opportunity which emerged from the Ford Aerospace acquisition. "My concept was there was an opportunity to become a global participant in the satellite business but we needed to branch out and forge a partnership with other international groups," he said.

This led to the satellite partnership with a group of European companies including Aerospatiale and Alcatel of France and Alenia of Italy. The three European companies last year acquired for $182m a 49 per cent stake in the US company's new commercial satellite business called Space Systems/Loral.

The venture has got off to a good start by winning a $500m contract for a Japanese satellite programme.

Citicorp may sell credit card process unit

By Alan Friedman in New York

CITICORP, the leading US bank that is seeking to dispose of assets in order to help strengthen its capital base, is considering the sale of its credit card processing business.

The bank declined to comment on market rumours that a sale is being negotiated that could raise at least $150m, but it is understood that the division – Citicorp Establishment Services – is among the assets likely to be sold.

The card processing unit, which employs 350 people, handles receipts and payments among retailers and other merchants who accept credit cards.

Citicorp's deliberations on the value of the division may be influenced by the forthcoming sale by American Express of up to 45 per cent of First Data Corporation (FDC), a subsidiary that includes the largest third-party processor of credit cards in the US and Britain.

American Express is expected to seek $900m to $1bn for the 45 per cent equity stake in FDC.

● In a separate development, Chase Manhattan is meanwhile considering the sale of a stake in its mortgage servicing subsidiary as part of its own programme of asset disposals.

Toys 'R' Us boosts sales and profits

By Nikki Tait in New York

TOYS "R" Us, the large specialist toy retailer, yesterday reported an 11.1 per cent sales increase to $6.12bn for the year to February 1, and after-tax profits for the 12 months of $339.5m.

This compares with sales of $5.51bn in the previous year, and net profits of $326m.

Earnings per share increased only marginally, up from $1.11 in 1989/90 to $1.15 last year. That was in line with analysts' estimates, although the shares eased $¾ to $34¾ yesterday.

Mr Terrence McEvoy, an analyst at Janney Montgomery Scott, said: "The company indicated in its conference call that its electronic games category would be flat to slightly up this year."

He said that comment was likely the factor hurting the stock because "earnings were right on target".

In the fourth quarter alone – the key Christmas sales period – Toys "R" Us made an after-tax profit of $261.6m, up by just over 10 per cent on the previous 12 months, on sales of $2.86bn up from $2.55bn.

Part of the growth comes from the steady expansion of the chain. Some 46 stores opened in the US last year, taking the total there to 497, and 29 new outlets were introduced internationally. The group now has 126 stores outside the US.

Toys "R" Us said that same-store sales, which offer a better measure of underlying growth, rose by 7.4 per cent in the fourth quarter but only 2.4 per cent for the year overall.

Yesterday, the group said that it plans to add 40 stores internationally this year – going into Austria for the first time – and a slightly larger number in the US.

About six of the new stores will be in the UK, where Toys "R" Us currently has 33 outlets.

Hertz qualifies plan for NY rental surcharges

By Nikki Tait

HERTZ, the largest car rental company in the US, yesterday qualified its highly controversial plan to introduce surcharges for New York City rental customers – just one day before the New York City Council is due to vote on a proposal to ban residence-based surcharges.

Hertz, which is 49 per cent owned by Ford Motor Company, is now proposing to exempt certain New York City residents who qualify under a "responsible renter" programme from the daily surcharge scheme.

To count as a "responsible renter," a resident would need a driving record which is free of accidents for three years, and to have been employed for at least one year.

Someone applying under the scheme would pay a one-off processing fee of $25, and would wait around two weeks while the application is handled.

Hertz's decision earlier this year to introduce daily surcharges on cars rented by residents living in four of the city's five boroughs, unleashed a storm of protest.

The surcharges would range from $3 a day for Manhattan residents to $56 a day for Bronx residents. Queens residents would pay $15 a day, and Brooklyn residents, $34. Cars rented in New York, Connecticut, Pennsylvania and New Jersey would be affected.

Critics claimed that this was illegal discrimination, weighing unfairly on areas with large ethnic populations.

One public interest advocacy group called it "red-lining" – a practice which is officially illegal for the insurance industry.

Hertz, however, claimed that its action reflected the underlying cost situation – with rentals by residents in these areas tending to result in more accidents and suits from pedestrians and others injured.

INTERNATIONAL CAPITAL MARKETS

Gilts slide further as fears over PSBR plans deepen

By Sara Webb in London and Karen Zagor in New York

UK GOVERNMENT bonds continued to slide in the wake of the Budget, as the market showed concern over the government's forecast borrowing requirement for the next financial year.

With a forecast Public Sector Borrowing Requirement of £28bn for 1992-93, the gilt market expects to see gross issuance of about £33bn, or £2.75bn a month. Gilts lost between ⅜ and ¾ of a percentage point, continuing Tuesday's sharp fall in prices. Traders said the fall in the US bond market also helped to depress gilts.

The Liffe gilt futures market fell from 95.21 at its opening to close at 95.13 on a volume of about 50,000 contracts, more than double the average level. The benchmark 11¾ per cent gilt due 2003/07 dropped from the overnight level of 114¼ to end yesterday at 113⅜. Short-dated issues fell by ⅜ of a percentage point.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	100.0863	+0.193	9.99	10.07	10.06
BELGIUM		9.000	06/01	101.7500	-0.100	8.70	8.65	8.65
CANADA *		8.500	04/02	98.5000	-	8.73	8.52	8.28
DENMARK		9.000	11/00	102.0000	-0.300	8.65	8.54	8.53
FRANCE	BTAN	8.500	03/97	98.8047	-0.089	8.78	8.69	8.70
	OAT	8.500	11/02	98.6000	-0.250	8.54	8.43	8.47
GERMANY		8.000	01/02	100.6400	-0.240	7.91	7.82	7.88
ITALY		12.000	02/02	99.3000	-0.060	12.12†	12.12	12.28
JAPAN	No 119	4.800	06/99	95.3250	-0.040	5.71	5.80	5.79
	No 129	6.400	03/00	105.2757	-0.119	5.45	5.47	5.46
NETHERLANDS		8.250	02/02	99.9200	-0.270	8.25	8.25	8.30
SPAIN		11.300	01/02	103.6500	-0.120	10.68	10.63	10.84
UK GILTS		10.000	11/96	100-29	-13/32	9.75	9.54	9.42
		9.750	08/02	100-23	-23/32	9.64	9.46	9.33
		9.000	10/08	96-15	-28/32	9.43	9.30	9.14
US TREASURY *		7.500	11/01	100-07	-7/32	7.47	7.43	7.22
		8.000	11/21	100-24	-12/32	7.93	7.94	7.79

London closing. *denotes New York morning session. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Bush indicating that economic growth was of more pressing concern to the government than the level of long-term interest rates. Furthermore, players are becoming worried that an impending federal tax package will prove inflationary.

The Federal Reserve entered the market to arrange overnight matched sales when Fed Funds, the rate at which banks lend to each other, were trading at 3⅞ per cent. The operation, which drains liquidity from the banking system, was widely expected, with Fed Funds trading below the Fed's perceived target of 4 per cent.

■ THE combination of a weaker US Treasury bond market and concerns over German wage inflation depressed German government bond prices.

Volumes in the Liffe bund futures were below average at about 34,000 contracts. The bund futures contract fell from its opening of 88.44 to close at 88.30.

Traders said news that Germany's white-collar union workers may step up their strike action did not help the market. In addition, bunds have been held in check by the poor inflation figures released recently. The west German annual inflation rate rose to 4.3 per cent in February from 4 per cent in January.

■ JAPANESE government bonds ended mixed, with the futures market outperforming the cash market, traders said.

The yen weakened against the US dollar, from Y132.5 on Tuesday to Y133.70 in Tokyo yesterday, in spite of intervention by the Bank of Japan which sold dollars for yen. The weakening prompted some selling of cash bonds, and the benchmark No 129 issue ended at a yield of 5.435 per cent, against 5.410 per cent at Tuesday's close.

However, traders added that hopes of a cut in the Official Discount Rate appeared to spur buying of Japanese bond futures. The futures contract opened at 102.30 and reached 102.42 before closing at 102.35. Interest rates on three-month certificates of deposit fell back from 5.00 per cent to as low as 4.93 per cent on rate-cut speculation.

GOVERNMENT BONDS

Following yesterday's announcement of a general election on April 9, traders said the market was expected to focus even more keenly on the opinion polls, looking to see what effect the Budget has had on the Conservative Party's popularity.

■ US Treasury bond prices slipped slightly in the morning on the back of continued profit-taking ahead of today's release of the February sales report.

At mid-session, the bellwether 30-year bond was off ⅛ at 100⅝, yielding 7.92 per cent. The two-year note eased 1/16 to yield 5.6 per cent.

In addition to fears of strong February sales data, the long end was further depressed by comments by President George

Swiss urge change in Japanese savings law

By Ian Rodger in Zurich

REGULATIONS preventing rich Japanese from putting their savings into banks abroad should be eliminated, the Swiss government says.

Bern has put this item, which is of considerable interest to Switzerland's large private banking industry, at the top of its agenda for bilateral talks with officials of Japan's Ministry of Finance later this month.

Under MoF regulations, an individual can take up to Y30m ($226,000) out of the country without prior authorisation, and up to Y100m with authorisation. He or she must declare the amount as an asset in an annual income tax declaration, and any appreciation in value over Y100m must be repatriated.

"It is difficult to understand why there are still restrictions on movements of Y30m to Y100m. It is no longer justified," Mr Alexis Lautenberg, head of the financial and economic division of the Swiss federal department of foreign affairs, said yesterday.

Mr Heinrich Looser, a director of Bank Julius Baer in Zurich, said no other developed country had the same rigid controls on outward flows of individual savings.

However, Mr Looser thought the MoF would resist demands for liberalisation. "The Japanese economy is not growing. They want to bring capital back home these days," he said.

Also, even if the controls were eased, he did not expect any sudden surge of Japanese business. "The Japanese have no history of placing their money abroad," he said. "But I would love to see the limit pushed up to Y500m for a start."

Mr Lautenberg, speaking to a meeting of the Swiss-Japanese Chamber of Commerce in Zurich, said the forthcoming round of bilateral talks provided a unique opportunity to make progress on several issues.

He noted that the talks came as the year-end deadline under a 1989 Swiss law requiring non-banks to convert themselves into banks approached. Reciprocity is one of the conditions for a foreign bank to qualify for a banking licence. More than 20 Japanese securities companies with offices in Switzerland have still to get their banking licences.

China to open third stock market

CHINA has announced plans to open a third stock market and attract more foreign investment in shares. The move will mark a further victory for economic reformers, led by supreme leader Deng Xiaoping, Reuter reports from Beijing.

The New China News Agency (NCNA) quoted an official with the People's Bank of China as saying the exchange would be located somewhere in northern China. Blueprints would be drawn up this year.

Existing exchanges in Shanghai and the special economic zone of Shenzhen in southern China would also attract more listings. It is understood the two markets had been authorised to issue $400m this year in special "B" shares reserved for foreign investors.

● Taiwan is to allow its companies to sell their stocks abroad and permit issues of shares by foreign concerns on the island, the Securities and Exchange Commission (SEC) said, Reuter reports from Taipei.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on March 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	105¼	106	+¼	6.64
ALBERTA PROVINCE 9 3/8 95	600	107½	107¾		6.94
AUSTRIA 8 1/2 00	400	104¾	105¼	−⅛	7.67
BANK OF TOKYO 8 3/8 96	100	103¼	103¾	+⅛	7.38
BELGIUM 9 5/8 98	250	109½	109⅞	−⅛	7.66
BFCE 7 3/4 97	150	102	102½	+⅛	7.26
BNP 8 5/8 94	300	105⅜	105¾		6.12
BRITISH GAS 8 3/8 99	350	103⅝	104⅛		7.71
CANADA 9 96	1000	107⅝	107⅞	−⅛	6.81
CARCO 9 1/4 96	650	102	102½	−⅜	8.66
CCCE 9 1/4 95	300	107¼	107⅝		6.49
COUNCIL EUROPE 8 96	100	102⅞	103½	−⅛	7.20
CREDIT FONCIER 9 1/2 99	300	109⅞	110¼	−⅛	7.61
DENMARK 8 1/4 94	150	104¼	104⅝	−⅛	6.28
DENMARK 9 1/4 95	1571	107⅛	107⅜	−⅛	6.58
ECSC 8 1/4 96	193	104¼	104¾		7.14
EEC 8 1/4 96	100	103¾	104½	−⅛	7.15
EIB 7 3/4 96	250	102⅞	103¼	−⅛	7.01
EIB 9 1/4 97	1000	108⅜	108⅝	−⅛	7.38
ELEC DE FRANCE 9 98	200	106¾	107¼	−⅛	7.56
EURO CRED CARD TST 9 94	325	103½	104	−⅛	7.43
EUROFIMA 9 1/4 96	100	107	107⅜		7.18
EXPORT DEV CORP 9 1/2 98	150	109¼	109⅝		7.59
FINLAND 7 7/8 97	200	101½	102	+⅛	7.49
FINNISH EXPORT 9 3/8 95	200	107¼	107½		7.05
FORD CAPITAL 9 3/4 97	250	106	106½	+⅛	8.27
GEN ELEC CAPITAL 9 3/8 96	300	107⅜	107⅝		7.28
GMAC 9 1/8 96	200	104⅜	104⅞	+⅛	7.81
GUINNESS FINANCE 8 94	200	103⅛	103⅜	−⅛	6.49
IBM INTL FIN 7 3/4 94	200	103¼	103½		6.11
IND BK JAPAN FIN 7 7/8 97	200	101⅝	102⅛	+⅛	7.47
INTER AMER DEV 7 5/8 96	200	102⅜	102½	+⅛	7.04
ITALY 8 1/2 94	1500	105⅜	105⅝	−⅛	6.19
JAPAN DEV BK 8 94	150	103⅝	104⅛	−⅛	6.10
KANSAI ELEC PWR 10 96	350	109⅞	109⅞		7.24
LTCB FIN 8 97	200	100⅞	101¼		7.77
NEW ZEALAND 9 94	850	105½	105¾		6.49
NIPPON CRED BK 10 3/8 95	150	108⅝	109¼	+⅛	7.33
NIPPON TEL & TEL 9 3/8 95	200	107⅞	107⅞		6.57
ONTARIO 8 1/2 01	600	102¼	102⅝	−⅛	8.14
ONTARIO HYDRO 11 5/8 94	200	109½	110	+⅛	6.19
OSTER KONTROLLBANK 8 1/2 01	200	104⅜	104⅜	−⅛	7.80
PETRO-CANADA 7 1/4 96	200	100½	101	+⅛	7.10
QUEBEC HYDRO 9 3/4 98	150	108⅝	109¼		7.99
QUEBEC PROV 9 98	200	105¼	105⅝		7.90
SAINSBURY 9 1/8 96	150	105⅜	105⅝	−⅛	7.73
SAS 10 99	200	105⅞	106⅜		8.83
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OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.94
COPENHAGEN TEL 8 5/8 96 LFr	600	98¼	99¼		9.17
WORLD BANK 8 96 LFr	1000	96¾	97¾		8.97
ENERGIE BEHEER 8 3/4 98 Fl	500	103¼	103½		8.09
UNILEVER 9 00 Fl	500	105¼	105⅝	+⅛	8.12
ALBERTA PROVINCE 10 5/8 96 CS	500	104⅛	104⅝	+⅛	9.24
BELL CANADA 10 5/8 99 CS	150	104½	105	−⅛	9.72
BRITISH COLUMBIA 10 96 CS	500	102½	103	+⅛	9.24
EIB 10 1/8 98 CS	130	103¾	104⅛	−⅛	9.28
ELEC DE FRANCE 9 3/4 99 CS	275	102	102½	+⅛	9.35
FORD CREDIT CANADA 10 94 CS	100	99⅝	100⅛	−½	10.25
GEN ELEC CAPITAL 10 96 CS	300	102⅜	102⅞	+⅛	9.27
KFW INT FIN 10 01 CS	400	103	103½	+⅛	9.49
NIPPON TEL & TEL 10 1/4 94 CS	200	104⅛	105⅛	+⅛	9.44
ONTARIO HYDRO 10 7/8 99 CS	500	105⅝	105⅞	+⅛	9.73
OSTER KONTROLLBANK 10 1/4 99 CS	150	104¼	104¾	+⅛	9.40
QUEBEC PROV 10 1/2 98 CS	200	103¾	104¼	+⅛	9.69
BELGIUM 9 1/8 96 Ecu	1250	101⅜	101⅞	−⅛	8.59
CREDIT LYONNAIS 9 96 Ecu	125	98¾	100¼	−⅛	9.36
DENMARK 7 5/8 96 Ecu	250	95¼	96¼	+⅛	9.09
EEC 7 5/8 94 Ecu	200	97	97½	−⅛	9.37
EIB 10 97 Ecu	1125	106½	106¾	−⅛	8.33
FERRO DEL STAT 10 1/8 98 Ecu	500	106	106¼	−⅛	8.75
ITALY 10 3/4 00 Ecu	1000	111⅝	111¾	−⅛	8.69
UNITED KINGDOM 9 1/8 01 Ecu	2750	104¼	104½	−⅛	8.45
BP AMERICA 12 1/4 96 AS	100	107⅛	107⅝		9.99
COMM BK AUSTRALIA 13 3/4 99 AS	100	115	115½	+⅛	10.71
EKSPORTFINANS 12 3/8 95 AS	75	107⅝	108⅛	−⅛	9.48
EUROFIMA 14 5/8 94 AS	75	110⅞	111⅜		8.83
MCDONALDS CANADA 15 95 AS	100	113¼	113¾		9.99
NAT AUSTRALIA BANK 14 3/4 94 AS	150	109⅝	110⅛		9.06
STATE BK NSW 14 1/4 99 AS	100	115⅝	116⅛		11.01
UNILEVER AUSTRALIA 12 98 AS	150	107¾	108¼		10.22
VOLKSWAGEN INTL 15 94 AS	100	110½	111		9.26
ABBEY NATL TREAS 13 3/8 95 £	100	107¼	107¾	−⅛	10.40
ALLIANCE & LEICS 11 3/8 97 £	100	102	102⅜	−⅛	10.83
BRITISH GAS 12 3/4 95 £	300	106⅛	106½	−⅛	10.20
BRITISH LAND 12 1/2 16 £	150	105⅜	106⅜	−⅛	12.11
DEUTSCHE BK FIN 11 94 £	225	101½	101⅞		10.03
EIB 10 97 £	536.5	100½	100⅞	−⅛	9.85
FINLAND 10 1/8 97 £	100	100¼	100⅝	−⅛	10.06
ITALY 10 1/2 14 £	400	102¼	102¾	−⅛	10.23
LAND SECS 9 1/2 07 £	200	87⅝	88¼	−⅛	11.21
NORWAY 10 1/2 94 £	200	100⅞	101⅛	−⅛	10.03
ONTARIO 11 1/8 01 £	100	104½	104⅞	−⅛	10.32
SEVERN TRENT 11 1/2 99 £	150	103¼	103¾	−⅛	10.83
SKANDINAVISKA ENSK 13 1/8 95 £	100	106½	106⅞		10.60
[illegible]					

DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

* No information available - previous day's price. † Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn = The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Move to push futures funds in Europe

By Tracy Corrigan

NEWPORT Investment Management is launching the first offshore managed futures fund to be advised solely by UK-based specialists. The Newport Number 1 Fund, launched today, will focus on growth, while two subsequent funds will focus on protection and income and will be marketed to investment managers.

The move represents a further effort to promote the growth of a European managed futures industry. While the US managed futures industry now has more than $20bn under management, the market in Europe is still at an early stage.

European investors have shown some resistance to the concept of futures as a separate asset class, and often view futures funds as risky.

Those funds which have been marketed in Europe are typically managed in the US, where there is a large pool of expertise among so-called commodity trading advisers (CTAs). The Newport fund will have a team of six sub-advisers, or CTAs, who come from both trading and fund management backgrounds.

"Derivatives have emerged as a new asset class at a time when conventional instruments are struggling to meet investors' expectations," said Mr Garnet Harrison, chairman of Newport Investment Management.

The fund will hold at least 50 per cent of its assets in cash and securities and the balance in futures and options.

Wella launches CP programme

WELLA, the German personal care products manufacturer, has established a DM300m ($180.7m) commercial paper programme. It has been arranged by Deutsche Bank, with Dresdner Bank, Westdeutsche Landesbank Girozentrale and Deutsche Bank as placing agents, AP-DJ reports from Frankfurt.

Commercial paper programmes run for between seven days and two years, less one day - the shorter end of the German maturity spectrum not covered by bond issues and medium-term note programmes.

US bank in yen issue as appetite for currency fades

By Richard Waters and Tracy Corrigan

THE Inter-American Development Bank yesterday came in on the tail-end of recent demand for yen bonds as appetite for the currency among international investors appeared to be fading fast.

The Y50bn offering of three-year bonds was generally welcomed as a well-priced deal from a borrower with a good name in the market, although there were grumbles in some quarters that the deal was too aggressive and was not selling well.

Also, concern about the yen-dollar exchange rate and a weakening in the Japanese government bond market led to some resistance. One banker said: "The pricing is correct. The timing is not so good." There were concerns that issues in the days ahead could cause indigestion in the market.

The IADB's issue, with a yield of 5.25 per cent, was priced to fall between the bid/offer spread on the nearest comparable deal, a three-year

INTERNATIONAL BONDS

issue from the European Investment Bank which was yielding 5.28 per cent on the bid side and 5.18 per cent on the offered side. The tighter pricing was aimed in part to pick up on a move to shorter-dated yen paper, bankers said.

An Ecu150m seven-year deal for BP America, aimed at retail investors, met rather subdued demand, according to most participants, due to the lacklustre performance of European markets. Dealers said the positive reception of Deutsche Bank's recent seven-year deal was due to the particular popularity of that name with retail investors; interest in the sector has since dwindled.

Although the BP deal offered a yield pick-up of 26 basis points over the Deutsche Bank deal, retail demand remained sluggish.

The deal was not helped by the fact that BP's debt rating of double-A3 is under review by Moody's.

However, dealers added that there was sporadic demand for seven to 10-year paper, rather than the short end of the market. Lead manager, UBS, reported firm demand from Swiss retail investors. The deal was still held in syndicate at the end of trading.

Eurofima, which finances European rolling stock, launched a L200bn offer said to have been tightly-priced, though strong demand was reported in some quarters. The L200bn, seven-year deal, was said to have encountered demand among retail funds in continental Europe, though it later traded within fees and ended the day at break-even point for the banks involved.

In a rare move, Daito Trust Construction, a Japanese construction company, offered $300m of convertible bonds, marking a step away from the warrant market and into convertibles.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Daito Trust Const.(b)§†	300	3	100	1999	2½	Yamaichi Intl.(Europe)
Daiwa Overseas Finance.(c)‡†	40	(c)	100.2	2002	32.5/20bp	Daiwa Bank Cap. Mang't
YEN						
IABD. (a)†	50bn	5¼	100	1995	3/16/⅛	Nomura Intl.
ECU						
BP America.(a)†	150	8⅝	101.325	1999	1⅞	UBS Phillips & Drew
LIRE						
Eurofima (a)†	200bn	11⅛	101.3	1999	1¼/½	IMI Bank (Lux)
IRISH PUNT						
Kredietbank Intl. Fin.(a)†	25	9½	100⅞	1994	1⅛/¾	Kredietbank Intl.Grp.
GUILDERS						
Kredietbank Intl. Fin.(d)†	150	8½	100½	2002	1/⅝	Rabobank Nederland

★★Private placement. §Convertible. ΦWith equity warrants. ‡Floating rate note. †Final terms. (a) Non-callable. b) Callable and Putable. Coupon payable semi-annually. c) Coupon pays 55bp above 6 month Libor. Callable on 27/3/95, years 1-3 are FRN. Years 4-10 are at 9¼% fixed rate. d) Subordinated issue. Non-callable.

SEC moves to help small businesses

THE Securities and Exchange Commission voted to propose a rule that would allow mutual funds to increase the amount of money they invest in illiquid securities, AP-DJ reports from Washington.

The proposal is designed to encourage mutual funds to put more of their assets in securities issued by small companies, which are often thinly traded.

Mutual funds cannot invest more than 10 per cent of their holdings in illiquid securities; the SEC plan would raise that level to 15 per cent.

The commission also voted to propose a rule that would make it easier for companies to invest in small businesses to raise capital.

The commission voted to seek public comment on a proposal that would allow small business investment companies to offer up to $15m in securities every year without registering them with the SEC. Currently, small business investment companies can issue up to $5m in securities each year without registering them with the SEC.

The proposals are included in a broad package of changes the SEC is considering to help small businesses raise capital in the securities markets.

Leeds BS in Canadian dollar paper programme

By Richard Waters

LEEDS Permanent Building Society, the UK's fifth largest, has become the first to launch a Canadian dollar commercial paper programme, marking a further step by the societies to move away from their traditional UK investor base.

The Leeds also announced it was to launch a Ecu2bn medium-term note programme. Together, the two will greatly expand the society's foreign currency fund-raising, which is currently equivalent to £3bn.

The Leeds, like other large UK societies, has taken steps recently to develop relationships with overseas investors to reduce its reliance on its traditional sterling investors.

The move into foreign currencies has also been stimulated by a change in regulations announced in December. These allow societies to hold *liquid assets in currencies* other than sterling for the first time.

Mr Ian Stewart, capital markets manager at the Leeds, said proceeds from the Canadian dollar programme would either be swapped into sterling or used to invest in high-grade Canadian or US dollar paper.

"This will help to diversify both on the asset and liability sides," said Mr Stewart. "Our aim is not to become overly *reliant on any one sector.*"

The Leeds has a funding requirement of £400m to £500m a year, he said, around half of it due to the need to refinance existing deals.

UK building societies have only been permitted to raise money on the wholesale markets since 1986, and have developed a real presence overseas in the US dollar, which was first tapped in the late 1980s by the two leaders, Halifax and Abbey National (*which has since given up* mutual status to become a bank).

The Leeds' long-term debt is rated AA3 by Moody's, while its short-term paper is rated A1/P1. Its Canadian dollar paper has a rating of R1 (Middle) from Dominion Bond Rating Service.

Gilts concern gives way to hope

Dealers can see a silver lining in the PSBR cloud, writes Sara Webb

THE BANK of England will have to issue a torrent of UK government bonds in the next financial year, given the government's forecast of an unexpectedly high Public Sector Borrowing Requirement (PSBR).

While the gilt-edged securities market was shocked by the scale of the government's borrowing requirement, some dealers and investors are hoping that the Bank will use the opportunity to improve the liquidity of specific gilt issues and perhaps issue some altogether new stocks.

The Chancellor of the Exchequer's forecast of a PSBR of £28bn in 1992-93 in Tuesday's Budget means an estimated £33bn in gross gilt sales – or an average of £2.75bn a month.

The Bank began buying back some of the small illiquid gilt issues between 1987 and 1990, and attempted to improve the liquidity of specific benchmark stocks when the government returned to borrowing in 1991. The move has been welcomed by gilts traders, who prefer to have fewer, bigger issues, and many hope that this trend will continue.

"There is still considerable scope for increasing the size of existing issues," says Mr John Kendall, economist at Baring Sterling Bonds. "While many of the obvious gaps in the market have been filled, there remain many areas where new issues would be welcome."

The main areas where dealers and investors would like the Bank to issue stock are:

● At the very long end of the yield curve.

The Bank has already approached the domestic institutional investors to gauge their interest in a "super-long jumbo gilt" with a maturity of 25 to 30 years. Such a maturity would appeal to insurance and pension fund managers, who could use it to match their liabilities. Some fund managers point out that a very long-dated gilt would be helpful for pricing long-dated sterling corporate bonds.

The Bank has made it clear that it is waiting for yields to drop further before it issues such a gilt. However, one economist pointed out that the Bank will be forced to issue across a broad range of maturities and may soon have to tap the long end of the market, adding: "Beggars cannot be choosers."

● Gilts in the five to 10-year area which are used by the swaps market.

The Bank has already taken steps to improve the liquidity of certain gilts used by the swaps market, for example the 10 per cent gilt due 1996. Traders believe there is still scope for further issuance of stocks used by the swaps market. Mr Kendall predicts that the Bank will probably issue more of the 10 per cent Treasury due 1996, the 10½ per cent Exchequer due 1997, or else a completely new five-year gilt, the 12 per cent Exchequer due 1998, and the 10 per cent Treasury due 2003.

● The 10-year area.

Dealers emphasise that overseas investors often like to buy 10-year issues when they invest in foreign government bond markets. The Bank has already boosted the liquidity of the 9¾ per cent Treasury gilt due 2002 to make a liquid 10-year issue, but traders say that the size of the issue could be increased further, from around £5bn to between £7bn and £10bn.

"The greater the liquidity, the more acceptable it is to big investors, especially those who want to trade actively," says one gilt dealer. Some US investors have complained in the past about the difficulty of doing big trades.

Mr Simon Briscoe, economist with *Midland Montagu*, warns: "If sterling moves to the narrow band (of the Exchange Rate Mechanism of the European Monetary System), we could see a massive influx of foreigners to the gilt market, and a lot of it would be in the 10-year sector." A Conservative victory in the election on April 9, and the prospect of falling inflation, could also entice foreigners into this sector.

● To fill gaps in the maturity profile.

Mr Kendall believes there is demand for a new gilt issue maturing between July 1995 and November 1996, and for issues maturing after 2000, particularly around 2010.

● Low coupon issues.

Mr Chris Anthony, economist with UBS Phillips & Drew, suggests that there could be demand from higher-rate taxpayers for a low-coupon conventional gilt. Such stock would have the advantage of a low income stream, but the potential for large capital gains (on which investors would pay no capital gains tax). However, Mr Anthony points out that such an issue would probably be "quite small and should not be overplayed".

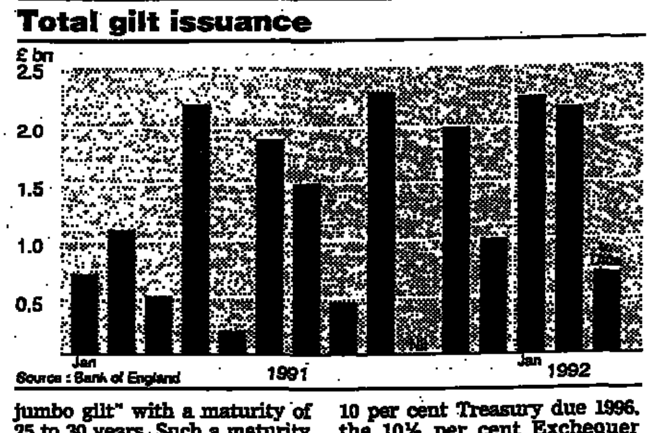
● Further index-linked issues.

Index-linked issues would also *satisfy* any private investor demand for low-coupon stocks, and there is some speculation that the Bank may issue an index-linked stock when the 1992 issue is redeemed later this month.

The Bank announced that it would use auctions to sell over half of the new gilt issues, and would increase the size of its auctions to between £2bn and £3bn, or more, if market conditions allow. Given the amount of issuance it will have to *tackle, the Bank is no* doubt keeping its fingers crossed and hoping that gilts resume their upward trend.

See Lex

Total gilt issuance



Source : Bank of England

Repap plans to raise C$150m through share deal

REPAP Enterprises, one of North America's biggest lightweight coated paper producers, plans to raise C$150m through an issue of subordinate voting shares, writes Robert Gibbens in Montreal.

The issue will bolster Repap's cash position. The shares will be offered by Gordon Capital and Credit Suisse First Boston in Canada and Europe. The issue is not registered in the US.

Repap has nearly 100m tons of coated paper capacity in New Brunswick and Wisconsin, and is a large market pulp producer in western Canada.

Because of poor markets, it reported heavy losses last year and is not expected to return to normal profitability, with the rest of the industry, until 1993.

NEWS IN BRIEF

■ The Japan Federation of Economic Organisations (Keidanren), the nation's leading business group, has urged Japan to allow listed companies to acquire their own shares, Keidanren said in a statement, Reuter reports from Tokyo.

Currently, a listed company cannot buy its own shares, a legacy of the post-war era aimed at preventing big conglomerates.

■ Jardine Fleming, the UK brokerage house, has issued 60m two-year covered warrants on shares of Cathay Pacific Airways at HK$3.10 each, Reuter reports from Hong Kong.

The warrants carry a strike price of HK$12.60. The premium, based on the closing share price of HK$12.70, is 24.6 per cent and the gearing is 4.07 times.

The oversubscribed issue was fully placed with institutional and retail investors in Hong Kong, Europe, Britain and the US. The expiry date is March 11 1994.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Mar 11 1992 Index No	Day's Change %	Est Earnings Yield% (Max)	Gross Div Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj 1992 to date	Tue Mar 10 Index No	Mon Mar 9 Index No	Fri Mar 6 Index No	Year ago (approx) Index No
1	CAPITAL GOODS (178)	797.20	−2.1	8.06	5.99	16.11	2.55	814.30	804.24	796.32	872.76
2	Building Materials (23)	974.31	−3.1	7.14	6.38	18.87	0.99	1005.26	986.46	967.65	1156.80
3	Contracting, Construction (28)	891.45	−2.6	8.69	8.19	16.65	2.12	915.52	911.60	901.06	1417.38
4	Electricals (7)	2506.23	−2.3	8.32	5.98	15.83	1.47	2566.42	2521.53	2487.81	2351.15
5	Electronics (26)	1849.23	−1.8	9.80	4.63	12.93	2.20	1883.66	1860.73	1863.13	1901.65
6	Engineering-Aerospace (8)	349.03	−2.4	9.70	7.45	13.41	9.52	357.61	350.07	345.20	437.63
7	Engineering-General (43)	501.95	−0.9	9.23	4.69	13.36	1.21	506.41	501.64	497.77	457.40
8	Metals and Metal Forming (10)	330.98	−2.0	2.09	10.35	–	0.60	337.57	329.37	325.96	494.55
9	Motors (14)	323.15	−1.0	7.20	7.36	19.02	2.90	326.26	319.91	319.67	349.57
10	Other Industrial Materials (19)	1561.31	−2.2	7.81	5.31	15.52	1.08	1595.21	1578.64	1569.18	1524.61
21	CONSUMER GROUP (187)	1659.61	−1.7	7.20	3.38	17.01	5.85	1688.40	1671.54	1659.45	1409.73
22	Brewers and Distillers (23)	2105.42	−2.9	7.62	3.37	15.83	7.92	2168.05	2121.30	2083.72	1776.39
25	Food Manufacturing (18)	1270.93	−0.7	8.56	4.08	14.43	5.59	1279.42	1272.23	1271.58	1160.34
26	Food Retailing (17)	2651.18	−0.8	8.32	3.13	15.61	4.06	2672.25	2664.55	2656.76	2641.82
27	Health and Household (24)	4219.99	−1.6	6.38	2.47	17.79	19.73	4287.03	4256.50	4262.50	2965.15
29	Hotels and Leisure (22)	1326.03	−1.6	6.82	5.13	18.65	8.54	1347.99	1326.42	1307.48	1365.23
30	Media (24)	1547.27	−1.2	6.32	3.54	19.92	2.97	1566.05	1559.56	1553.17	1444.72
31	Packaging, Paper & Printing (17)	768.06	−0.8	6.83	4.36	17.48	0.31	774.13	770.60	764.84	651.81
34	Stores (32)	1051.20	−2.4	7.01	3.44	18.89	1.91	1076.55	1064.91	1055.73	907.59
35	Textiles (10)	669.82	−1.7	6.85	4.64	18.63	2.69	681.56	662.61	661.60	552.53
40	OTHER GROUPS (117)	1223.13	−1.5	9.81	5.41	12.85	8.87	1241.55	1234.84	1230.03	1187.16
41	Business Services (16)	1386.79	−1.4	6.63	4.65	19.17	6.27	1407.12	1399.42	1384.16	1181.57
42	Chemicals (22)	1482.67	−1.2	7.07	4.94	17.29	20.02	1500.19	1499.57	1519.11	1234.78
43	Conglomerates (11)	1352.59	−2.1	10.54	7.48	11.58	3.18	1381.88	1363.91	1353.22	1579.61
44	Transport (14)	2414.72	−1.2	5.26	4.69	25.13	2.93	2445.28	2421.17	2400.50	2159.32
45	Electricity (16)	1194.72	−1.6	14.98	6.22	8.71	17.21	1214.26	1222.29	1215.68	1176.16
46	Telephone Networks (4)	1406.15	−1.5	11.15	4.46	11.71	16.02	1426.95	1416.55	1414.57	1351.67
47	Water (10)	2380.35	−3.2	17.92	6.68	6.15	0.00	2460.11	2440.62	2426.90	2495.18
48	Miscellaneous (24)	1819.92	−0.7	5.63	5.39	24.26	1.26	1833.05	1815.66	1736.23	1669.23
49	INDUSTRIAL GROUP (482)	1303.76	−1.7	8.16	4.47	15.33	6.01	1326.54	1314.60	1305.71	1213.01
51	Oil & Gas (18)	2016.11	−1.9	9.49	7.04	13.28	36.07	2056.00	2040.79	2016.23	2335.66
59	500 SHARE INDEX (500)	1371.48	−1.7	8.29	4.74	15.16	8.20	1395.76	1383.43	1373.35	1312.22
61	FINANCIAL GROUP (86)	707.72	−2.7	–	6.48	–	9.78	727.46	720.32	722.22	828.64
62	Banks (9)	877.73	−3.2	4.64	6.22	46.55	21.90	906.80	893.56	905.90	905.94
65	Insurance (Life) (6)	1432.34	−2.7	–	5.96	–	0.00	1471.34	1449.21	1437.82	1485.32
66	Insurance (Composite) (7)	467.19	−2.7	–	8.18	–	3.67	480.59	474.46	473.69	707.88
67	Insurance (Brokers) (10)	978.02	−1.6	8.06	6.83	16.24	12.58	993.53	987.22	1000.02	1125.00
68	Merchant Banks (7)	464.23	−0.8	–	4.60	–	2.26	468.09	465.12	470.12	442.55
69	Property (33)	704.32	−2.8	8.16	6.44	16.77	0.93	725.16	722.09	710.34	1064.25
70	Other Financial (14)	243.42	−0.6	8.17	7.17	16.16	1.38	244.84	245.17	246.38	290.51
71	Investment Trusts (68)	1178.79	−1.0	–	3.75	–	7.30	1190.22	1182.01	1184.66	1202.17
99	ALL-SHARE INDEX (654)	1213.87	−1.8	–	4.91	–	8.36	1236.54	1225.54	1218.30	1193.82

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Mar 10	Mar 9	Mar 6	Mar 5	Mar 4	Year ago
FT-SE 100 SHARE INDEX‡	2522.4	−52.4	2560.6	2522.4	2574.8	2550.7	2533.1	2539.3	2568.4	2448.2

FIXED INTEREST

	PRICE INDICES	Wed Mar 11	Day's change %	Tue Mar 10	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	121.83	−0.24	122.13	1.99	2.13
2	5-15 years (25)	134.64	−0.75	135.66	2.08	3.11
3	Over 15 years (9)	143.38	−0.89	144.66	1.28	2.78
4	Irredeemables (6)	159.73	−1.16	161.60	2.59	1.50
5	All stocks (67)	132.95	−0.59	133.74	2.00	2.77
	Index-Linked					
6	Up to 5 years (2)	170.29	−0.24	170.69	0.26	1.37
7	Over 5 years (9)	147.29	−0.80	148.48	0.49	1.20
8	All stocks (11)	149.32	−0.72	150.40	0.45	1.21
9	Debs & Loans (62)	116.78	−0.66	117.56	2.15	2.39

	AVERAGE GROSS REDEMPTION YIELDS		Wed Mar 11	Tue Mar 10	Year ago (approx)
	British Government				
1	Low	5 years	8.98	8.83	9.48
2	Coupons	15 years	9.42	9.30	9.62
3	(0%-7¾%)	20 years	9.42	9.30	9.98
4	Medium	5 years	9.69	9.56	10.27
5	Coupons	15 years	9.52	9.39	10.24
6	(8%-10¾%)	20 years	9.47	9.35	10.22
7	High	5 years	9.92	9.79	10.42
8	Coupons	15 years	9.65	9.51	10.41
9	(11%-)	20 years	9.57	9.44	10.40
10	Irredeemables	‡	9.61	9.49	10.12
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	3.60	3.53	3.77
12	Inflation rate 5%	Over 5 yrs	4.40	4.34	4.19
13	Inflation rate 10%	Up to 5 yrs	2.96	2.89	2.38
14	Inflation rate 10%	Over 5 yrs	4.23	4.17	4.01
15	Debs &	5 years	10.97	10.90	11.87
16	Loans	15 years	10.77	10.69	11.62
17		25 years	10.62	10.53	11.41

‡Opening index 2566.6; 9 am 2555.2; 10 am 2551.1; 11 am 2544.1; Noon 2546.5; 1 pm 2546.9; 2 pm 2542.7; 2.30 pm 2537.0; 3 pm 2535.3; 3.30 pm 2525.0; (a) 8.45am (b) 4.30pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	76	4
Other Fixed Interest	0	15	2
Commercial, Industrial	163	426	886
Financial & Property	77	207	507
Oil & Gas	11	31	47
Plantations	0	0	9
Mines	31	23	94
Others	59	26	50
Totals	341	804	1,599

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
500	F.P.	–	548	468	Amicable Smllr. Units	469	−14	N3.1	–	0.9	–
–	F.P.	–	379	378	Bodycote Intl (RFD)	378		8.75	3.0	3.1	13.9
‡	F.P.	–	75	58	Capital Industries 1p	58	−2	–	–	–	–
70	F.P.	–	72	63	Fleming Inc & Cap Tst Inc.	63½		F4.73	–	9.9	–
100	F.P.	–	102	94	Do. Units	95½	+½	F4.73	–	6.6	–
30	F.P.	–	32½	30½	Do. Zero Div Pf.	32	−½	–	–	–	–
–	F.P.	–	39	23	Fleming Japanese Wrrnts	35	−1	–	–	–	–
£10¾	F.P.	–	£12¼	£10¾	Latin Am Inc & Appr. 1c	£12¼		–	–	–	–
100	F.P.	–	99	97	Lloyds Smlr Co's Pckg Uts	97		–	–	4.8	–
38	F.P.	–	39	34	Do. Dividend	37		–	–	–	–
62	F.P.	–	62	57	Do. Capital	60		–	–	–	–
–	F.P.	–	11	1	Multitrust Warrants	11		–	–	–	–
–	F.P.	–	104	102	Riv & Mrc Tst Inc 12 1/2p	103		N9.2	–	11.9	–
–	F.P.	–	124	117	Do Stpd Prf 12 1/2p	124		N5.6	–	6.0	–
115	F.P.	–	128	121	Rosebys	128		14.3	1.7	4.5	14.7
–	F.P.	–	160	158	Usher-Walker (RFD)	160		5.5	1.3	4.6	21.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	–	101½p	100p	Bank of Ireland Units Non-Cum Prf A	100p	−½
10p	F.P.	–	10p	8p	Battle Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	–	107½	98½	Camborne Inds. 10½pc Rd Deb. 2001	105½	
100p	F.P.	–	107p	100p	Fidelity Euro. Values Equity Ln 2001	107p	
105	F.P.	–	110	98	Greencore 9.5% Cnv Uns Ln Stk 1999	110	
100p	F.P.	–	105¼p	99¼p	NatWest Bank 9pc Prf Series A	101½p	−½
650p	Nil	–	135pm	128pm	Thorn EMI Non-Int. Bearing Cv Units	132pm	−1
‡	F.P.	–	75p	68p	Wembley 6p (Net) Cv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
410	Nil	22/4	115pm	52pm	Bespak 10p	115pm	+14
212	Nil	27/3	37pm	26pm	British Vita	28½pm	
27	Nil	27/3	¼pm	¼pm	Caldwell Invs. 10p	¼pm	
415	Nil	20/3	80pm	50pm	ECC	59pm	−11
8	Nil	26/3	4pm	1¼pm	Maddox 5p	3¼pm	
115	Nil	12/3	16pm	12pm	Porcels 2p	16pm	
95	Nil	16/4	11pm	6pm	Raine Industries 10p	11pm	
4	Nil	3/4	¼pm	¼pm	West Trust	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. P Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted Securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium

TRADITIONAL OPTIONS

● First Dealings March 2
● Last Dealings March 13
● Last Declarations June 11
● For settlement June 22

3-month call rate indications are shown on this page.

Calls in Amstrad, Albert Fisher, Barratt Devs., Bryant, Enterprise Computer, Kunick, Midland Bank, Premier Cons., Raine Inds. and Ratners. Put in Amstrad. Put and call in Ansbacher (H).

LONDON TRADED OPTIONS

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
[illegible]							
Shell Trans. (*442)	420	30	44	52	3½	8	12½
	460	8	20½	29	20½	25½	31
Storehouse (*116)	110	9	12½	16	3	7	8½
	120	4	8	11½	7½	11½	12½
Trafalgar (*12_)	130	11½	15	20	5	11½	14½
	140	7	11	15½	9½	16½	20
Utd. Biscuits (*412)	390	25	33	43	5½	11	16½
	420	6½	18	26	22½	27½	31½
Unilever (*939)	900	49	70	95	11½	22	28½
	950	17½	41½	66	35	44	49½
Ultramar (*233)	220	14½	–	–	–	–	–
	240	6½	–	–	24½	–	–
Brit Aero (*327)	300	36	50½	52	–	8	13½
	330	20	31½	35	20½	27	34
[illegible] (*350)	360	3	17	25	11	19	24½
Blue Circle (*255)	240	15	21	28	1¼	10½	16½
	260	2½	11½	19	6½	21	26
British Gas (*255)	240	15	20	25	½	5½	8
	260	1½	9½	14½	7	15½	17½
Dixons (*229)	220	9½	24½	25	1¼	8	12½
	240	2	14	15	11	19	23
Eurotunnel (*451)	420	30	57	70½	2	17½	25½
	460	8½	33½	50½	15½	33½	43½
Glaxo (*779)	750	36½	79½	99½	4½	28½	44½
	800	7	51	73½	26½	52½	77½
Hillsdown (*174)	160	13	18	24	½	5½	8
	177	3	–	–	5	–	–
Lonrho (*118)	110	9½	18½	21	2	7½	10½
	120	3½	13½	16¼	5½	12½	16

FT-SE INDEX (*2525)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Mar	133	91	54	26½	11	3½	1½	½
Apr	171	133	99½	71½	49½	33	20	12
May	193	158	125	97	71½	51½	37½	25½
Jun	210	176	142	116	91½	68	51½	37½
Dec †	288	–	225	–	165	–	120	–
PUTS								
Mar	8½	16	31	56½	92½	138	187	237
Apr	35½	49	67½	90½	120	157	197	240
May	46½	60	79	101	132	164	202	242
Jun	51½	66½	84½	108	137	170	210	245
Dec †	82½	–	110	–	160	–	218	–

March 11 Total Contracts 21,886
Calls 9,756 Puts 12,130
FT-SE Index Calls 3,491 Puts 6,544
Euro FT-SE Calls 411 Puts 735
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

	p		p		p		p		p
■ INDUSTRIALS		Charter Cons.	40	Ladbroke	17	Sears	7½	■ OILS	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonrho	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	■ MINES	
Bowater	55	Glaxo	70	Racal Elect	4½	■ PROPERTY		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

UK COMPANY NEWS

Simon maintains dividend but shares fall

By Angus Foster

SIMON Engineering's shares fell 34p to 248p yesterday after the company announced halved profits and an unchanged, but uncovered, final dividend.

Simon, the engineering, environmental and industrial services group, announced pre-tax profits of £18.3m in the year to the end of December, compared with £36.5m. The company blamed the recession, which was deeper than expected especially in the US, and said this year would again be difficult.

Earnings per share fell from 30.4p to 12.5p but the company is recommending the final dividend be maintained at 10.7p for an unchanged total of 15.7p.

Mr Roy Roberts, chairman, said: "Prospects are such that we think it's reasonable to leave the dividend uncovered. I think we will earn enough in the current year to cover the dividend."

Turnover slipped to £514.5m (£545.7m) including £13.1m (£56.3m) from discontinued activities. Operating profits of £28.2m (£38.7m) included losses from discontinued activities of £1.47m (£62,000 profits).

Sales and profits from the access division were affected by recession in the construction industry. Operating profits fell to £4.7m (£12.1m).

Process engineering also reported lower operating profits of £5.1m (£8.7m). The figure was dragged down by losses in the paper engineering business, which has been affected by a downturn in the US, and lower pulp prices.

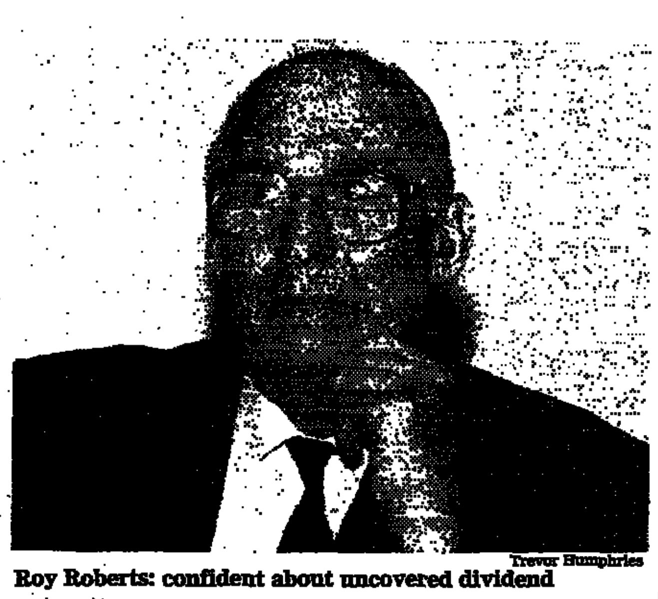
But industrial services lifted operating profits 6.3 per cent to £15.1m. This included seven months of profits from Robertson. Environmental services increased sales to £97.1m (£72.5m) but profits slipped to £3.5m (£3.9m), partly due to restructuring costs.

The lower contribution from property disposals of £279,000 (£3.86m) has been taken above the line as exceptional income for the first time. There was also an exceptional charge of £2.97m (£4.17m) for rationalisation costs, including 750 redundancies.

Interest charges more than doubled to £5.92m (£2.24m), reflecting borrowings taken on to purchase Robertson. Net debt at year end was £37m for gearing of 30.5 per cent.

● COMMENT

Yesterday's sharp fall in Simon's share price looks a little harsh, especially since it has already underperformed its sector by more than 50 per cent over the last 12 months. The reason for the fall is simple. Although dividends have been maintained, the market is now worried next year's will also be uncovered, and therefore probably cut. The company is cautious about the year so far, but a number of factors will work in its favour, even if the access and process engineering divisions continue at these depressed levels. This year will see rationalisation benefits rather than costs. Last year's £6.5m extraordinary loss on disposals should not be repeated, and Robertson will make a full contribution for the first time. Forecast profits of about £23m give a prospective multiple of 17, while forecasts for 1993 of £35m brings the multiple down to 10. But Simon is likely to benefit later rather than sooner from economic recovery, and it is difficult to see much upside in the shares at this stage.


Trevor Humphries
Roy Roberts: confident about uncovered dividend

Hillsdown profits hampered by poultry but helped by interest

By Maggie Urry

SIR HARRY Solomon, chairman of Hillsdown Holdings, said that in the opening weeks of the current year the group's results were ahead of 1991.

He emphasised Hillsdown's strategy of building on its core food businesses so that they would be able to compete on a European and North American basis. He said the cash raised through last autumn's £280.7m rights issue gave the group acquisition opportunities.

Last year over-capacity and low prices in the poultry market worked against Hillsdown, with operating profits from the division down 56 per cent to £26.3m. Mr David Newton, group chief operating officer, said that poultry prices were the lowest seen since 1983 and there had been a flood of imports, mainly from France.

However, poultry prices had begun to pick up recently, he said, and he believed the acquisition of JP Wood last month would allow Hillsdown to build a low-cost producer able to compete on a European scale.

Hillsdown's other activities broadly maintained operating profits. The pre-tax figure was helped by a lower interest charge, although the rights money only benefited the last 10 weeks of the year.

Group sales were 10 per cent higher at £4.66bn and operating profits were 5.2 per cent down at £231.7m. A fall in interest charges to £44.9m (£53.3m) curbed the pre-tax profits decline to 2.3 per cent.

Operating profits from the food processing division rose 16 per cent to £137.3m.

In the meat division operating profits rose 12 per cent to £32m with margins up from 2.8 per cent to 3.1 per cent. The division includes Strong & Fisher, the 70 per cent-owned leather group, which moved from loss to profit.

The furniture division saw a fall from £16.7m to £15.1m, although the main upholstery business maintained profits.

Profits from housebuilding, property trading and other activities were slightly lower at £25.5m (£26.1m).

There was an extraordinary cost of £19.8m (£76.1m) which related to the costs of discontinued activities, partly offset by the £16.1m profit on selling the group's stake in Wickes, the DIY retailer.

Following the rights issue, and a placing by Maple Leaf in Canada, the balance sheet saw a fall in net debt to £125.8m (£494.2m). Shareholders' funds rose to £807.3m (£534.7m) and minority interests were up to £209.3m (£155.8m).

A final dividend of 6.6p (6p) is proposed, to give a total of 8.8p (8p).

Mr Kevin O'Sullivan, finance director, was bowing out after yesterday's annual results. Asked about his successor, Sir Harry said: "I anticipate being in a position to make an announcement shortly."

Ansbacher incurs £8.2m loss

By David Barchard

HENRY ANSBACHER, the small City merchant bank, incurred a pre-tax loss of £8.23m in the year to December 31, 1991, after making heavy provisions to offset losses on loans to small businesses.

In 1990, the group made profits of £2.46m. The loss per share was 5.1p (0.1p earnings) and as a result of the poor performance, the dividend has been cut from 1.5p to a nominal 0.01p. The nominal payment was made to preserve the authorised investment status of the company's shares under the Trustee Investments Act.

The bank said that the 1991 results were disappointing and did little justice to the underlying strength of the group which was currently trading profitably.

The merchant banking arm of the group turned in a loss of £9.87m, compared with £1m profit.

Third world debt trading and offshore banking put in strong performances and the London corporate finance operation earned record levels of fee income and made what was described as an encouraging amount of progress.

Other arms of the bank did less well. There were losses by the mergers and acquisitions division

Central costs fell from £1.8m to £1.64m.

The loan book at the year end was £126m and has since reduced further to £114m. The bank's total balance sheet has shrunk from £678.16m at the end of 1990 to £619.53m.

Scholes blames recession for fall to less than £1m

By Angus Foster

SCHOLES, the electrical products group, blamed continuing recession for a sharp fall in pre-tax profits from £2.25m to £916,000 in the six months to the end of December.

But the interim dividend of 1.6p is maintained, from earnings of 1.7p (3.9p). The company said there were early indications that the decline in orders had halted and some business areas were witnessing small improvements.

Scholes also announced that Mr Reg Harrington, chairman and chief executive, had been taken seriously ill. His executive responsibilities have been transferred to Mr Bill Riches, group finance director. Mr Richard Morgan, a non-executive director, becomes non-executive chairman.

Turnover slipped to £29.5m (£33.9m). The company said the decline in operating profit to £1.25m (£3.45m) was wholly due to reduced sales volumes.

Interest charges declined to £541,000 (£958,000) after the company reduced borrowings by £2.3m through improved cash and stock management.

Scholes said its joint ventures with Asea Brown Boveri were making progress.

Maple Leaf expands milling

By Robert Gibbens in Montreal

MAPLE LEAF Foods, the Canadian food processing arm of Hillsdown Holdings, plans two joint ventures with ConAgra, of the US, to position its Canadian flour-milling business for the whole North American market.

Maple Leaf contributes its flour-milling and bakery mix assets to a Canadian joint venture owned 50-50 with ConAgra, which contributes its flour-milling operation in Buffalo, NY, to a US joint venture.

The move stems from Canada-US free trade and aligns the flour-milling operations with a leading US miller, Maple Leaf said. "This puts our flour-milling business in a strong strategic position for the future."

The company earlier tried to merge its flour-milling business with the Ogilvie Mills division of John Labatt but was precented by Canadian competition rules.

Maple Leaf, Canada's largest food processor with operations in the US and Europe, reportednet profits of C$67.2m, or 97 cents a share, for 1991 up 54 per cent from C$41.1m, or 63 cents a share in 1990, on sales of C$3bn (C$3.5bn).

The sales decline was due to disposals and closures, including the dairy and beef operations in 1991. The edible oils business is being sold. Analysts estimate it is worth about C$100m.

In 1991, consumer foods improved margins. Lower flour-milling profits offset gains by the bakery, retail franchise and international businesses. Agribusiness was stable. Except for poultry, individual businesses did better.

Maple Leaf, formerly Canada Packers, closed the year with net cash of C$151m after a C$226m equity issue last November. About 54 per cent-owned by Hillsdown, it aims at becoming a North American food group and a US takeover is widely expected.

NEWS DIGEST

SR Gent halved to £672,000

TAXABLE PROFITS at SR Gent, the maker of women's clothing and a large supplier to Marks and Spencer, were almost halved from £1.25m to £672,000 in the six months to December 31.

Turnover declined 6 per cent to £67.8m (£72.1m), though the company said that, since January 1, sales for the following nine weeks were up 10 per cent on the corresponding period. Costs and overheads were reduced by almost 5 per cent to £65.8m with more positive results from cost savings from closures becoming effective in the second half. Interest was down at £1.53m (£1.75m).

Earnings declined to 1p (1.9p) per share and the interim dividend is cut to 0.75p (1.25p).

Everest Foods rises to £1.77m

Everest Foods, the frozen food producer and wholesaler, yesterday reported a 20 per cent increase in sales and profits for the half-year to November 30.

Pre-tax profits advanced from £1.47m to £1.77m and came from turnover up from £14.9m to £17.9m.

Earnings per share increased by 22 per cent to 11.7p (9.55p) and as forecast in December 1991, when the group took up a full listing, the interim dividend is maintained at 2.2p.

EW Fact advances 17% to £1.01m

EW Fact, the USM-quoted tuition services group, lifted pre-tax profits by 17 per cent from £867,000 to £1.01m in the year to December 31 1991.

Mr Emile Woolf, chairman, said the result had been achieved in spite of the worldwide recession.

Earnings per share emerged at 10.53p (8.98p) and the directors propose to pay an enhanced final dividend of 3.1p (2.75p) for a 4.31p (3.85p) total.

Turnover for the year advanced to £4.59m (£4.42m).

Trilion losses rise in uncertain climate

Difficult trading, largely resulting from the uncertainties of the Channel 3 licence applications, was blamed by Trilion for pre-tax losses increasing to £3.61m in the year to September 30, against £376,000.

The USM-quoted provider of television facilities and producer of television programmes said that it had been a year of change. Following board changes and a review of operations Stylus Television and some operating units were closed, provisions for which have been included in the accounts.

Turnover fell from £15.8m to £14.2m and the pre-tax figure was struck after an exceptional charge of £766,000 relating to closure costs. There was also a turndown from interest received of £144,000 to a charge of £283,000.

Losses per share were 6.2p (0.8p) and the dividend is being passed. There was a final payment of 0.5p last time.

An extraordinary charge of £688,000 covered the costs associated with the application for the Channel 3 licence for Wales and the west of England and further provisions for discontinued premises costs.

Trilion will have a 10 per cent stake in Westcountry Television which won the licence for the south west of England.

EFM Dragon Trust assets improvement

Interim results from the EFM Dragon Trust showed that the net asset value improved by 12.6 per cent from 11.75p at August 31 1991 to 13.23p at February 29 1992.

Pre-tax profits for the period rose from £132,000 to £143,000. Earnings per share were 0.034p against 0.032p.

The manager said that once again Hong Kong recorded the highest gains moving up 18 per cent in sterling terms having been fuelled by a growing economy, strong retail sales and robust trading, and negative real interest rates.

Second Market assets up 11.6%

Net asset value per share of Second Market Investment Company rose by 11.6 per cent from 221.6p to 247.4p over the 12 months to December 31. At June 30 1991 the net asset value per share stood at 244.4p.

The trust invests mainly in companies quoted on the second market of the French stock exchange.

Net revenue for the year improved to £460,718 (£371,397) for earnings per share of 4.66p (3.82p). The proposed dividend is lifted from 1p to 1.5p plus a special element of 1.7p (1.4p).

Japanese joint venture for Rentokil

Rentokil, the environmental services and property care group, has acquired a 49 per cent stake in Nippon Calmic, a joint venture company in Japan, for £5.5m in cash. The vendor is Wellcome.

The joint venture partner is Kyoritsu Shoji, a privately-owned veterinary pharmaceutical company. Nippon Calmic, formed in 1969, provides the Calmic sanitizer and other healthcare services. Its pre-tax profits for the year to May 31 1991 were Y310m (£1.36m) on turnover of Y3.15bn.

Rentaminster £546,000 loss

Rentaminster, the USM-quoted company which supplies labour to the construction and shop-fitting industries, incurred a pre-tax loss of £546,000 in the six months to December 31 compared with a profit of £13,000 in the same period last year.

Turnover rose from £2.45m to £3.34m, mainly because of two acquisitions made during the period and a joint venture shop with Birleys Sandwiches in London, which gained sales but was unable to achieve profitability. It is to be sold at an extraordinary cost of £225,000.

Losses per share of 4.2p compared with earnings of 0.1p last time. Once again there was no dividend.

Bullers reduces losses to £2.56m

Bullers, the giftware, decoration and fine arts products manufacturer, reported reduced pre-tax losses of £2.56m from turnover of £9.82m in the year to end-December.

The result compares with losses of £4.77m from sales of £12.8m in 1990. At the operating level losses were cut from £2.12m to £1.52m.

Losses per share were reduced to 6.48p (12.72p) and again there is no dividend.

Grosvenor Dev Cap assets up to 130.13p

Net asset value at Grosvenor Development Capital, the independent venture capital fund managed by Grosvenor Venture Managers, was 130.13p at November 30, an almost 9 per cent rise on the 119.41p of a year earlier.

Total income for the year to November 30 increased to £1.8m, against £1.2m for the 50 weeks to November 30 1990. Pre-tax profits declined to £294,000 (£302,000) after administration expenses grew to £603,000 (£385,000) and interest payable was up at £904,000 (£508,000). The higher interest charges were due to the draw down of loan notes.

Earnings per share rose to 2.89p (2.7p) basic and 5.3p (3.38p diluted). The final dividend is lifted to a proposed 0.95p (0.9p, though this was augmented by a 0.45p special payment).

The company also announced the appointment of Mr David Bucks, previously deputy chairman of Hill Samuel, as a non-executive director. He will succeed Mr John Oakley as chairman at the annual meeting on April 13.

North Midland Construction halved

North Midland Construction, the engineering and construction company, announced pre-tax profits almost halved from £1.02m to £555,000 for the year to December 31 1991.

Turnover was slightly ahead to £24.4m (£24m).

Earnings per share dropped from 6.5p to 3.8p and the dividend for the year is cut to 1p (1.25p) via a proposed 0.5p (0.75p) final.

Kleinwort Smaller assets advance 19%

Kleinwort Smaller Companies Investment Trust increased its net asset value per share by more than 19 per cent to 113.7p over the year to end-December.

Gross revenue for the year was down from £1.36m to £1.24m with investment income lower at £1.01m (£1.03m) and other income at £227,733 (£325,876).

Earnings per share were 5.07p (5.34p) and the total dividend stays at 4.6p with a proposed final of 2.6p.

●Dividend maintained ●1,500 more jobs expected to go this year

T&N declines by 30% to £49.1m

By John Griffiths and Jane Fuller

T&N, the motor components and engineering group, yesterday emerged as yet another casualty of the recession in key world vehicle markets. Pre-tax profits for 1991 fell 30 per cent from £70.5m to £49.1m.

Mr Colin Hope, the chairman and chief executive, could discern no signs of market recovery and he warned of another 1,500 job losses this year on top of 3,000 – 7 per cent of the workforce – last year and a total of 5,000 since 1990.

Despite this gloomy scenario, the group surprised many City analysts by maintaining its final 7.25p dividend, making an unchanged total of 10.85p. Largely as a consequence its shares last night closed up 5p at 124½p.

The decision meant that the dividend was left uncovered by earnings per share of 4.98p (15.01p). A little more than £36m was needed from reserves to pay for it. However, last year's £119m rights issue strengthened the balance sheet with gearing reduced from 49 to 31 per cent.

Mr Hope said that the decision to maintain the dividend was justified by the group's strong strategic position and potential for recovery once markets started to improve.

It was already benefiting from cost cutting and efficiency measures, as well as increased penetration of some key automotive markets. Capital spending had been virtually maintained at £86m (£89m), while research and development spending had been increased to sharpen international competitiveness.

Turnover was up by £110m to £1.36bn, reflecting the 1990 acquisition of JPI in the US. In comparable terms, sales volume was down by 6 per cent. Operating profit fell by 16 per cent to £89.7m.

The UK continued to provide the group's main source of profitability, £33.5m (£54.1m) at the operating level. Turnover in continental Europe and North America rose to £339m (£326m) and £318m (£195m) respectively, compared with £534m (£563m) for the UK.

Zimbabwe showed a 42 per cent increase in operating profit, helped by a decline in its currency against the US dollar in which most of T&N's sales were made.

There was an extraordinary charge of £9m (£3.5m) for losses on the disposal of non-core businesses. Provisions for claims related to its former asbestos activities amounted to £15.7m, up from £11.4m.

Lydia van der Meer

Colin Hope: ready for the recovery when it comes but can see no signs of it

● COMMENT

Mr Hope is making a virtue of necessity in saying that T&N has been a yield stock during its six-year transition from building materials to auto engineering. The share price has run down from a peak of 308p in July 1987 to a third of that early this year. Meanwhile the shareholders have stumped up for four rights issues. If a company has a really good investment story to tell, it should not need to keep them sweet through the dividend. To be fair to T&N, the strategy was bound to be expensive and long-winded because of the historic baggage, including the annual asbestosis drain. It now has plenty of modernised capacity ready to take advantage of any upturn and able to make a better profit even in flat markets. Pre-tax forecasts from £60m to £70m give a prospective p/e of 17. The big question revolves around the dividend, uncovered for a second year. Doubts about its maintenance and about the speed of recovery will probably knock the share price down a step after the ex-dividend date on April 27.

Former Davy holders warned on payment

TRAFALGAR House, the construction and shipping conglomerate, yesterday warned former shareholders in Davy Corporation that they were no closer to getting their second payment, totalling £54m, or 45p a share, despite a recent favourable ruling in the High Court, writes Roland Rudd.

The warning comes as it was revealed that the conglomerate is considering leasing the Ocean Emerald oil rig to Midland and Scottish Resources.

Sir Eric Parker, Trafalgar's chairman, in a letter to former Davy shareholders, said "it still seems unlikely" that the necessary conditions would be in place enabling them to get their second payment.

Former shareholders in Davy Corporation, which Trafalgar took over last June, expected to get their second payment, after the conglomerate won an important ruling in its battle with MSR over payment for the Ocean Emerald.

The ruling stipulated that Trafalgar could keep control of the rig until it was able to draw upon the £118m letter of credit with the project's bankers or it was paid in full by MSR.

If Trafalgar leases the rig to the MSR, it may improve the chances of drawing the letter of credit. However, Sir Eric has warned that the second payment could still be a long way off since it might not be able to draw on the letter of credit because of MSR's refinancing of the contract.

The Takeover Panel yesterday announced that the statements made by Trafalgar relating to the second payment in its original offer document for Davy did not create a misleading impression.

However, it added that Trafalgar had a "continuing obligation to use all reasonable endeavours to obtain payment" so former Davy holders could receive their second payment.

Willis held to £96.1m by soft US market

By Richard Lapper

CONTINUING SOFTNESS in the US insurance market pegged back profits growth at Willis Corroon, the international insurance broker.

Yesterday it posted pre-tax profits of £96.1m (£81.7m) for 1991, its first full year since the merger in October 1990 of Willis Faber of the UK and Corroon & Black of the US, but earnings per share fell to 15.8p (18.9p).

Operating revenues grew by 7 per cent in underlying terms to £653.6m, while operating expenses rose to £525.6m, an underlying growth of 4 per cent, after taking into account the cost of a series of European acquisitions which were funded from current revenues.

Willis was also hit by a weakening in the US dollar, based on an average rate (after hedging) of £1 equalling $1.67 ($1.68 in 1991).

Lower interest rates helped reduce interest and investment income to £68.3m (£75.2m). Underwriting claims fell to £33m (£49.2m), leaving operating profits of £95m (£83m). Pre-tax profits were struck after the share of profits from associated undertakings of £5m (£5.1m) and interest payable of £3.9m (£6.4m).

Distributable profits were reduced by an extraordinary item of £7.8m, less than the market had feared despite the establishment of a hefty £55m, or £37.1m after tax, provision to pay for liabilities left by the non-marine business of Sovereign, the London market underwriting subsidiary which Willis has been unable to dispose of completely.

The provision, which is needed to pay for long-tail liability claims and run-off spiral reinsurance business, is worse than feared but its impact has been offset by the release of a £29.3m tax provision made after the disposal in 1989 of its interest in Morgan Grenfell, the merchant bank, and proceeds from the sale of a 20 per cent stake in a Canadian subsidiary.

● COMMENT

The fortunes of Willis Corroon, like those of Sedgwick, its main UK rival, are heavily influenced by the state of the US insurance market, which accounts for more than 50 per cent of the company's income. Outside some specialist areas, such as energy and directors' and officers' liability, premium rates remain depressed. Certainly no upturn is expected this year, which, overall, Mr Roger Elliott, chairman, expects to be just as tough as 1991. Pre-tax profits this year of £100m – which would involve no rise in real terms – would give earnings per share of about 16p, placing the shares on a prospective multiple of 15.5 at yesterday's closing price of 247p. That might seem a touch expensive, but it is a little lower than last year's average for the sector. And, unless the US market remains semi-permanently depressed, Willis must be considered a good bet for the long term.

Cost reductions and staff cuts offset lower profitability at BTR

By Andrew Bolger

BTR, the industrial conglomerate, said the protracted recession in the UK's construction and allied sectors had led last year to a loss of profitability. However, the downturn had been mitigated by cost reductions.

BTR reduced its worldwide workforce of more than 100,000 by 10,700 during 1991.

In other sectors of the UK, despite intense pressure, cost savings had ensured a performance close to or in some cases above that of 1990.

On mainland Europe, profitability was ahead, with a strong performance in the industrial and transportation sectors offsetting weakness in consumer markets.

The Americas had experienced difficult trading conditions and there had been weakness in many of the group's markets. However, the businesses in sealing, valves and baggage handling had all produced excellent results.

Results from Africa were affected by a poorer tyre market in South Africa and generally by the weakness of local exchange rates when converted to sterling.

BTR said: "Overall we believe that our world spread will gain us the benefits of any economic improvement wherever it occurs. A more general recovery, however modest, will yield immediate and substantial gains."

As announced at the interim stage, BTR's results now include a corporate activities business segment, which includes profits from disposals. Last year's gain of £103m (£29m) came mainly from the disposal of its Pretty Polly hosiery business.

BTR said it made important acquisitions in its global packaging business during 1991. Its purchase of the US-based Continental PET in January, with its advanced plastic packaging technology, had opened this process for worldwide development within the group's packaging business.

The acquisition of Smorgon glass in July had reinforced the group's position in Australasia.

It said the purchase of Rockware, Britain's biggest manufacturer of glass containers, for £197.2m in September had gained the group a considerable presence in European glass packaging and would significantly enhance the global transfer of technology in this sector.

Geographical breakdown of results

	Sales £m 1991	Sales £m 1990	Profit £m 1991	Profit £m 1990
UK	2,236	2,298	369	294
Other Europe	794	757	120	103
Americas	1,805	1,718	253	280
Africa	224	242	40	51
Australia	1,216	1,286	180	260
South-east Asia	467	441	80	93
Finance costs	–	–	(125)	(136)
Total	6,742	6,742	917	945

Nylex falls sharply to A$287m

By Kevin Brown in Sydney

BTR NYLEX, the Australian manufacturing group, yesterday announced a 41 per cent fall in net profits to A$287m (£128m) after abnormal items for the year to the end of December. Sales were up 2.2 per cent to A$4.9bn.

The poor result reflects a difficult year for BTR Nylex in which margins have been squeezed by recession in its main Australasian markets. The dip in profits follows a 14 per cent decline to A$489m for the year to December 1990. The group, which is a quoted subsidiary of BTR of the UK, said the second half had followed the pattern of the first six months, when net profits were also down 41 per cent.

The directors cut the final dividend to 5 cents, 50 per cent franked, from 6.5 cents last year. The total dividend is 9.5 cents, franked to 38 per cent, compared with 11.75 cents, franked to 39 per cent.

The group said it had applied an "aggressive approach" to rationalising and restructuring its operations to reflect the depressed economic conditions in Australia and New Zealand.

The restructuring programme resulted in costs of A$63m, which were charged as an abnormal item against operating profits of A$759, down 22 per cent on the previous year. Mr Graeme Pearson, managing director, said the group's automotive, building products, commercial interiors and textile operations showed no sign of recovery.

Economic conditions in Europe and North America also affected BTR Nylex's markets, and had applied pressure to most of its businesses, particularly those related to commercial construction and furnishing, he said.

Economic growth remained strong in South East Asia, with good demand for the group's consumer, building and infrastructure related products. However, profits in Taiwan were affected by weak world demand for polymers.

The only bright spot was the packaging division, a technological leader in glass and plastics, which increased operating profits by 16 per cent to A$253m on sales up 52 per cent to A$1.2bn.

The packaging result reflected a strong performance by Continental PET, an Australian glass company, and part-year contributions from Smorgon Glass in Australia and Rockware, the UK glass company. All were acquired during the year.

BTR Nylex said the outlook remained uncertain for the economies of Australasia, North America and Europe. However, it expected to benefit substantially from the acquisitions and restructuring carried out in 1991.

British Gas cuts Canadian stake to 85%

British Gas Holdings (Canada) has reduced its stake in Consumers Gas of Toronto to 85 per cent with the sale of 15 per cent of the shares. This is in line with the undertakings given to the government of Ontario at the time of the acquisition in 1990.

The 9.92m shares sold were priced at C$17 each, payable in two instalments of C$9.50 now and C$7.50 by April 1 1993. The offer was over-subscribed and the closing price of the instalment receipt on March 10 was C$9.625.

British Gas bought Consumers Gas for C$17.13 per share (equivalent to C$34.265 before a recent 2-for-1 share split).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Aegis	fin	3.1	Jul 8	3.1	5.85	5.85
Ansbacher(H)	fin	0.01	-	1.5	0.01	1.5
BTR	fin	9★†	May 29	8.75	16.5	15.75
BWD Securities	fin	1.7	-	0.75	3	1.75
Consol Venture	fin	1.5	-	nil	1.5	nil
Everest Foods	int	2.2†	May 7	2.2	-	6.8
EW Fact§	fin	3.1	May 18	2.75	4.31	3.85
Gent(SR)	int	0.75	May 13	1.25	-	2
Gros Dev Capital	fin	0.95	Apr 24	0.9	0.95	1.35‡
Hillsdown Hldgs	fin	6.8†	Jul 1	6	8.8	8
Kleinwort Small	fin	2.6	May 18	3.25	4.6	4.6
Nichols(Vimto)	fin	7.7	May 11	6.7	12.3	11
Nth Midland Con	fin	0.5	May 21	0.75	1	1.25
Scholes	int	1.8	May 11	1.6	-	5
Second Mkt Inv	fin	3.2‡‡	-	2.4‡‡	3.2	2.4
Simon Eng	fin	10.7†	Jul 1	10.7	15.7	15.7
StanChart	fin	13	Jun 4	7.5	20	20
T&N	fin	7.25★†	Jul 2	7.25	10.85	10.85
Trillon §	fin	nil	-	0.5	nil	0.5
Willis Corroon	int	3.3†	Apr 1	3.3	-	13.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ★Scrip option available. ‡Includes special of 0.45p. ‡‡Includes special of 1.7p (1.4p).

UK COMPANY NEWS

European advertising fall behind 19% drop at Aegis

By Roland Rudd

AEGIS GROUP, Europe's biggest media-buying concern, yesterday reported a 19 per cent fall in pre-tax profits for the year to December 31, the first full-year profit decline since it went public eight years ago.

Mr Peter Scott, chairman, blamed the fall in profits – from £67.8m to £55.2m – on the 1 per cent fall in European advertising expenditure, the worst performance for a decade. This was mainly due to the effects of the Gulf war.

In the face of difficult trading conditions Aegis is only predicting 2 per cent growth this year.

While the group completed the main elements of its building programme, started in 1988, operating costs rose from £87.2m to £120.5m in the period. Some £19m of the rise came from acquisitions, mergers and new business start-ups.

The operating companies of Carat, the Paris-based buying group, have been integrated into a single European network with 50 offices in 18 countries and a new central management structure has been put in place.

Turnover rose to £2.11bn (£1.72bn), mainly on the back of acquisitions. Earnings per share fell to 21.11p (37.35p) basic and to 18.28p (25.62p) fully diluted.

Peter Scott: main elements of building now complete

During the year the group paid vendors of acquired companies deferred and contingent cash payments of £25m.

The total amount outstanding to be paid to vendors of acquired companies in cash and shares is £81m, against £115m in 1990.

A proposed final dividend of 3.1p makes an unchanged total of 5.85p.

● COMMENT

Following the group's warning last December the pre-tax profits fall is in line with expectations. Given the depressed state of the market, there is some truth to the group's claim that it has produced "robust results". Yet since the fall in European advertising expenditure was no surprise, it is disappointing to find a £33.3m increase in operating costs. Even if £19.3m was due to acquisitions, overhead costs are still too high. While the group is determined to bring those costs down – it says it is investigating the scope for redundancies – it is also committed to buying in its minorities which could make the task harder. Aegis expects competitive pressures to continue which will put more pressure on margins. The City expects full-year pre-tax profits of £48m, giving earnings of 13.7p. This puts the shares, up 1p at 114p, on a prospective multiple of 8.3, reflecting some uncertainty over this year's profits.

All-round growth boosts BWD

By Ian Hamilton Fazey, Northern Correspondent

GROWTH IN all its sectors helped BWD Securities, the USM-quoted financial services group, report pre-tax profits more than doubled to £2.07m, against £849,000 which included an exceptional charge of £201,000.

Turnover advanced 28 per cent from £7.85m to £10m. The pre-tax figure included interest received of £652,000 (£673,000).

Mr Christopher Broadbent, the chief executive of the Huddersfield-based company, said that privatisation brought a surge in volume of transactions, but values and margins were low.

Because privatisation could not be relied on in future, the group was building its recurring fee base to secure profitability. Recurring fee income was £1.2m last year, compared with £900,000 in 1990.

"We know we still have a long way to go, but many stockbrokers have none at all, so we are quite happy to reveal the figures," Mr Broadbent said.

The group operates the BWD Rensburg stockbroking company and Capital for Companies, the Leeds venture capital arm. J Douglas McDonald, which provides personal financial planning services and administrates pension funds, was acquired during the year and renamed BWD McDonald.

Capital for Companies launched its ninth BES fund – it has run one per year since the scheme started – and is also sponsoring another assured tenancy issue. Realisations for the first three funds had shown excellent returns, BWD said.

Mr Broadbent said the planned abolition of BES at the end of next year, announced in the Budget, would provide a surge of activity in the next 18 months. Capital for Companies was already involved in conventional venture capital activities for the future.

BWD also owns Northern Registrars, now the tenth largest in the UK and providing registration services for more than 70,000 shareholders. In September it acquired Yorkshire Registrars and the business and some assets of Crossley House Registrars. Since the year-end on November 30, Northern has acted for one client in a £99m rights issue.

Earnings per share more than doubled from the low 1990 base of only 3p to 7.6p. A proposed final dividend of 1.7p (0.75p) will bring the total for the year to 3p (1.75p).

Current resistance trips switch out of Amps

Maggie Urry examines a source of corporate finance that is neither debt nor equity

THE RECENT decisions by ECC Group and Tarmac to redeem some of their auction market preferred shares begs the question of whether Amps are a suitable source of finance for UK companies. A handful of other UK companies still have Amps, and intend to keep them.

ECC is raising £209.2m net through a rights issue to redeem $350m (£198.8m) of its $400m outstanding Amps, while Tarmac is redeeming $150m of its $300m issue. Both companies were satisfied with the job the Amps had done for them so far. But ECC said they were "no longer a satisfactory long-term source of shareholders' funds", and Tarmac said: "The competitive advantage of Amps as a financial instrument has been eroded."

The Amps market, which is based in the US and totalled more than $20bn at the end of 1991, allows companies to issue securities which pay an interest rate set regularly through auctions, often every 28 days. The paper thus carries interest rates comparable to other short-term US interest rates.

But the securities can only be redeemed at the issuer's option which means the companies which have issued Amps have a potentially permanent source of capital. Although they have some of the characteristics of debt, the UK Accounting Standards Board recently said Amps should be regarded as part of shareholders' funds, although classified as "non-equity".

Amps, therefore, are a kind of hybrid between debt and equity, more expensive than the former but cheaper than the latter. Holders of preference shares do not share in the company's future earnings growth as ordinary share investors do through rising dividends.

Observers of the Amps market point out that the recession in the US has also meant that corporate treasurers, frequent buyers of the paper, have less cash than they had. Also the US yield curve is steep at present, and investors are switching from short-dated low-yielding securities to find higher yields from longer-term paper.

Mr Bob Carlton-Porter, finance director of ECC, says the company decided to redeem its Amps for a combination of reasons. The issue was originally made to help finance the acquisition of Georgia Kaolin, at a time when the UK equity market might not have been receptive to an issue of new shares.

ECC felt it was now a good moment to switch to the more traditional form of finance through a rights. He concedes that equity is a more expensive source of long-term capital than Amps, but he sees it as the most stable form of finance.

Another reason behind ECC's decision was that, although the level of short-term interest rates in the US is currently low, the rate ECC was paying on its Amps had risen in comparison to US commercial paper (CP). Whereas it had been paying dividends at about 90 per cent of CP rates, this had risen to 105 per cent.

Mr Carlton-Porter feels that there is some uneasiness in the US at the moment about UK

Bob Carlton-Porter: equity is a more stable instrument

issuers, because of recession and political uncertainty. Investors in Amps, mainly US corporate treasurers, can easily switch to other instruments.

He carefully does not mention Ratners, although many say the jewellery retailer's experience has deterred investors. In January the US credit rating agencies cut Ratners' rating from BBB to B. The next auction of a $50m tranche of its $200m Amps failed – there were insufficient buyers – and the dividend rate shot up to the fall-back maximum of 250 per cent of US CP rates.

Soon afterwards Ratners suspended payments on all its preference shares, including the Amps. Now the Amps dividends are rolling up at the 250 per cent of CP level, currently around 11.25 per cent.

While the case of Ratners may have put off investors, it does at least demonstrate what many promoters of the product have always said. When a company is in trouble, Amps behave like equity not debt.

Had Ratners' Amps been real debt, the group might now have been in the throes of a financial reconstruction or, even worse, at the mercy of its bankers. But because Ratners is not obliged to redeem the Amps, the finance has stayed in place and given Ratners a chance to trade its way out of its problems.

Mr Gerald Corbett, finance director of Redland, the building materials company, which has $250m of Amps, says that the Ratners experience has helped him explain to ordinary shareholders that Amps do have equity characteristics.

He does not believe that Ratners has soured the market for other issuers. He says the market is entirely credit-rating driven and that good credits will continue to achieve fine rates of interest.

One US securities analyst says: "There is no phobia in the market against UK names, these people are sophisticated investors." He, too, stresses the importance of a good credit rating and says that the Ratners episode has pushed investors towards higher quality names.

Last year Rank Organisation decided to redeem its $200m of Amps when its credit rating was cut by the US rating agencies. That would have pushed up the cost of its Amps, while Rank had borrowing facilities available at a lower cost.

Tarmac's decision to redeem half its Amps appears to have been prompted when it was put on "credit watch" by the rating agencies, and analysts expected the rating to be cut. At an auction since being put on credit watch, Tarmac had to pay 120 per cent of CP rates in order to sell the full amount.

Amps typically have a maximum interest rate, set in the event of an auction failure, according to the credit rating. For Tarmac the rate is 125 per cent of CP rates with a single A rating and 175 per cent for a BBB rating.

But other UK groups, such as Cadbury Schweppes, the confectionery and soft drinks group, and Elf UK, the UK subsidiary of Elf Aquitaine, the oil company, are paying dividends well below CP rates because of their good credit ratings.

Mr John Grout, director of treasury at Cadbury, says: "The people who buy Amps are not equity investors but buyers of debt instruments and they are very credit-rating sensitive". He says the Amps – more expensive than straight debt – have improved Cadbury's senior debt credit rating without the costs of equity.

He warns, however, that Amps are not an instrument which a cyclical company, likely to suffer fluctuations in its credit rating, should rely on heavily for finance. The view is echoed by Mr Corbett of Redland who says Amps form only 10 per cent of his company's capital structure.

There have been a number of new issues by US companies recently, but it seems likely to be a while before another UK group taps the market.

Woodchester finalises bank deal

By Tim Coone in Dublin

WOODCHESTER Investments, the Dublin-based leasing and financial services group, yesterday announced the finalising of its acquisition of UDT Bank in the Irish Republic from Hill Samuel Bank for a cash consideration of I£23.4m (£21.8m).

According to Woodchester, the latest audited statements of UDT showed its total assets to be in excess of I£300m at October 31 1991. Net assets stood at I£19.5m. Its profit before taxation was I£4m.

In a statement announcing the deal's finalising Woodchester said that it believed UDT's activities "are complementary to those of Woodchester Bank and that the merger of the two operations will strengthen considerably the enlarged bank's market position".

Woodchester's acquisition will expand the banking arm of its business, particularly in the region of Cork, Ireland's second largest city, which has a flourishing pharmaceuticals and electronics industry.

Woodchester's core business is in equipment and vehicle leasing in Ireland and the UK.

In its last annual report Woodchester reported total assets of I£1.1bn. It is 45 per cent owned by the Credit Lyonnais group, which increased its stake from 29.8 per cent in January 1991.

Buoyant Vimto sales help JN Nichols to £7.71m

By Ian Hamilton Fazey, Northern Correspondent

RISING SALES of Vimto helped JN Nichols (Vimto), the Manchester-based soft drinks manufacturer, to an 8.5 per cent rise in pre-tax profits from £7.1m to £7.71m in 1991.

The advance was achieved in spite of a 5.6 per cent decline in turnover from £49.8m to £47m as a result of a drop in contract canning.

A poor British summer and the recession failed to damage Vimto, with cordial sales up 12 per cent and a small increase in sales of bottled carbonates.

Sales of canned Vimto were down 5 per cent, but the company estimates that there was a downturn of some 12 per cent for the industry as a whole.

Mr John Nichols, managing director, said exports of Vimto concentrate to the Middle East had picked up to old levels after the Gulf war, despite the loss of Iraq as a market. Export sales are now 15 per cent of production, with the concentrate made up into as many drinks of Vimto abroad as are sold in Britain.

Growth continued at Cabana Soft Drinks and Nichols Foods. Earnings per share rose to 32.6p (28.5p) and a final dividend of 7.7p is proposed making a total for the year of 12.3p (11p).

COMPANY NEWS IN BRIEF

AVIVA PETROLEUM has disposed of its 3.15 per cent (2.89m shares) stake in Richmond Oil & Gas.

AG BARR is to dispose of the land and buildings adjoining Coopers Lane and Church Street, Evesham, for £1.8m cash.

FIRST SPANISH Investment Trust announced that it had reluctantly served notice of termination with immediate effect on Ibercorp Bolsa SVB in respect of Ibercorp's services as investment adviser to the Trust, and to the Trust's investment manager, Lloyds Bank Fund Management.

SETON HEALTHCARE is paying £1.2m in shares for the UK rights to Mycota brand from Crookes Healthcare, a Boots Company offshoot.

YEARLING BONDS: The interest rate for this week's issue of local authority bonds is 10¼ per cent, down ⅛ of a percentage point from the last issue five weeks ago. There is no comparative figure from last year. The bonds are issued at par and are redeemable on March 17 1993.

BOARD MEETINGS

TODAY

Interims- CALA, Coronation Syndicate, Creston, Ex-Lands, Pochins, Sirdar, Tweefontein Utd. Collieries.

Finals- Abbeycrest, Abbott Mead Vickers, Assoc. British Ports, Baynes (Charles), Beradin Hldgs., Blagden Inds., Church, Clarke (T), EFT, Edmond Hldgs., Emess, Enterprise Oil, Evered Bardon, Hall Eng., Jones (A), Kode Intl., Legal & General, North Sea Assets, Padang Senang Hldgs., RTZ, TI, Thornton Pan-European Inv. Trust, United Biscuits.

FUTURE DATES

Interims-	
Bank of Scotland	Sep. 30
Foreign & Colonial High	Mar. 19
Kalamazoo	Mar. 26
Kwik Save	Apr. 30
Wellcome	Mar 26
Zambia Copper	Mar. 19
Finals-	
BAA	June 5
Bank of Scotland	Apr. 29
Bilston & Battersea	Mar. 31
Bostrom	Mar. 29
Caird	Mar. 19
Castles (Hldgs.)	Mar. 19
Claremont Garments	Mar. 23
Colorgraphic	Mar. 24
EBC	Mar. 24
Edinburgh Fund Managers	Mar. 30
Fairhaven Intl.	Mar. 24
Grampian Television	Apr. 23
Ibstock Johnsen	Apr. 15
Mobil Corp	May 14
Needler	Mar. 16
United Newspapers	Mar. 26
Wilson (Connolly)	Mar. 30

PUBLIC WORKS LOAN BOARD RATES

Effective March 11

Years	Quota loans* EIP†	A††	maturity§
1			10¼
Over 1 up to 2	10¼	10¼	10¼
Over 2 up to 3	10¼	10¼	10⅛
Over 3 up to 4	10⅛	10⅛	10⅛
Over 4 up to 5	10⅛	10⅛	10⅛
Over 5 up to 6	10⅛	10⅛	10¼
Over 6 up to 7	10⅛	10⅛	10⅜
Over 7 up to 8	10⅛	10⅛	10⅜
Over 8 up to 9	10⅛	10¼	10⅜
Over 9 up to 10	10¼	10⅜	10½
Over 10 up to 15	10⅜	10⅝	10½
Over 15 up to 25	10⅝	10½	10½
Over 25	10½	10½	10⅜

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

COMMODITIES AND AGRICULTURE

Brazilian coffee exporters favour return of quotas

By Christina Lamb in Rio de Janeiro and **David Blackwell** in London

WORLD COFFEE markets rose sharply yesterday in response to the radical reversal of position by Brazil's coffee exporters, who late on Tuesday night ended their opposition to export quotas, paving the way for a new international coffee agreement.

The May robusta contract on the London Futures and Options Exchange (Fox) touched a high of $875 in early trading before closing at $858, up $26 on the day. Only two weeks ago the May contract plumbed a 17-year low of $787 a tonne.

The May arabica contract in New York opened more than 3 cents ahead before easing to 72.70 cents a lb, up 1.85 cents, at midday.

The Brazilian decision – taken after a tense meeting of 40 leading exporters – comes after intense diplomatic pressure on the country to come up with a proposal before the next meeting of the International Coffee Organisation in London on April 3. Last week a meeting of other Latin American producers claimed they had lost $6bn in export revenues since the ICO export quota system collapsed in July 1989; they said they would be seeking support from Brazil, the world's biggest exporter.

Mr Oswaldo Aranha Neto, President of the Brazilian Coffee Exporters Federation (Febec), said yesterday that Febec had decided to examine various mechanisms for lifting prices and these might include a return to quotas.

Febec had decided to drop its steadfast resistance to quotas and a new international agreement after seeing the worsening situation of growers, many of whom are abandoning coffee cultivation because of falling prices. Coffee prices have almost halved since the last agreement was broken in 1989. "Our absolute priority is an increase in international prices and for this Febec has to sacrifice some ideals," he explained.

Mr Aranha played down the shift in Febec's position, stressing that willingness to negotiate did not necessarily mean an acceptance of the quota system, which he said "had never benefited Brazil in the past". But one local trader described it as "the demolition of the Berlin Wall of the coffee world".

The Brazilian Coffee Council, which brings together growers and exporters, will now meet to agree on a joint position to be presented to the Brazilian government which will then decide whether to formulate a specific proposal at next month's ICO meeting. It is not yet clear whether the government will drop its resistance to quotas. One Rio-based coffee trader commented: "Febec has finally accepted that Brazil was gaining nothing by sitting on the fence and refusing to negotiate. It will be hard for the government to ignore such a clear signal".

Mr Lawrence Eagles, analyst with GNI, the London futures brokers, said the exporters had been forced to reverse their position. "They realised that given the level of prices and the political climate they could no longer resist."

The news was "very positive" for a coffee agreement, he said. "It removes the last major obstacle to negotiate an accord."

Chile gives freer hand to copper corporation

By Leslie Crawford in Santiago

THE CHILEAN parliament has approved a long-awaited law that will allow Codelco, the state-owned copper corporation, to form joint-ventures with local or foreign mining partners or sell off surplus mining property.

The law won a clear majority at a joint session of the senate and chamber of deputies late on Tuesday night. The session was disrupted by a group of copper miners who threw "Judas" coins at the law-makers and taunted them with giving away Chile's national wealth. The powerful Copper Workers Union has threatened to go on strike over the controversial law, but union leaders are unlikely to find support among the rank and file.

Codelco, the world's biggest copper producer, sees the law as a key plank in its long-term development strategy. "It will put us on the same footing as mining multinationals by allowing us to seek partners when we do not have resources to develop mines on our own," says Mr Jorge Bande, Codelco's planning director.

The corporation owns one-third of the registered mining property in Chile, but Treasury restrictions on the state company's investment budget have limited exploration and development work.

The law states that Codelco will continue to run its four divisions: Chuquicamata, El Teniente, Salvador and Andina, which together produced 1.12m tonnes of copper last year. In addition, Codelco will probably develop adjacent ore bodies on its own. But there are other prime deposits which have been targetted for joint ventures. Top of Codelco's list is the El Abra copper deposit, 50 km north-east of Chuquicamata in the Atacama desert. El Abra has 500m tonnes of proven reserves with an ore grade of 1 per cent. Codelco estimates about $250m would be needed to develop the open-pit mine, which could produce 150,000 tonnes of copper a year.

Mr Bande says Codelco has held "informal contacts" with several potential partners who are interested in the project. Under the new law, Codelco will not be required to hold a majority stake in future joint-ventures. If it decides to sell surplus mining property, it will have to do so via Enami, the state-owned metals refinery.

● Endesa, Chile's biggest electricity company, is studying plans to build a $1.5bn aluminium smelter in the far south of Chile together with Comalco Aluminium of Australia and Marubeni, the Japanese trading house.

Endesa said this week that the three companies had ordered a pre-feasibility study that will be ready by November. The announcement comes four months after Noranda Aluminium, a subsidiary of the Canadian mining and forestry group, revealed its own plans for an aluminium smelter in southern Chile. Noranda has completed its feasibility studies and is searching for financial backers for the project.

Chile has no bauxite, the ore from which aluminium is made, but the fjords and rivers of southern Chile have a vast potential for providing cheap electricity – the biggest single cost in producing aluminium – through hydro-electric generation.

Endesa owns crucial water rights in the region. Its plans include a 380 Mw hydroelectric plant and an aluminium smelter which would produce 220,000 tonnes a year. The bauxite would come from Australia.

Azerbaijan expects to climb oil reserves league

By John Lloyd in Baku

LEADERS OF the Azerbaijani oil industry believe the politically troubled, former Soviet republic will soon have proven oil wealth equivalent to that of a "middle ranking Middle Eastern state". Several billions of barrels of reserves have already been proven by their own experts and by Western oil companies and more is expected in the next few months.

They are calling for extensive Western investment in the industry, a big exporter before the 1917 Russian revolution.

Mr Valekh Alekserov, deputy chairman of Azeroil, the state concern grouping all the republic's oil-related industries, said the reserves were very big, and "we expect that we will know about still bigger reserves". That was also the view of all the oil men who came to Azerbaijan from America, Britain and elsewhere, he added.

Mr Alekserov stressed that the company was anxious to sign a range of agreements with Western companies – on the basis of production-sharing with oil companies, which would exploit the reserves, and on a joint venture basis with industrial companies, which would modernise and develop the potential of the enterprises, building oil platforms and making oil production equipment.

The Azerbaijani industry supplies 65 per cent of the equipment to the former Soviet oil industry, the biggest in the world.

Mr Alekserov said that he was now discussing with western banks and companies the financing of an oil pipeline, probably from Baku to a port in the Black Sea, which would allow Azerbaijan to export its own production, which it refines in the capital but which it must send through a pipeline to Russia. He said that he expected a decision on this "very soon".

A consortium including Amoco and British Petroleum is now conducting a feasibility study on offshore exploitation, which Mr Alekserov said should be completed "in the first half of the year". He also said that a separate study was being discussed with BP to prove further oil deposits in a different sector.

His bullish estimates were borne out by Western oil men in Baku this week, who talk in the same terms as he does about the potential for offshore production in the Caspian Sea – though with the important proviso that legislation is soon put in place to protect foreign investment, and that the government – at present a caretaker one following the resignation of President Ayaz Mutalibov last week – will assure investors of its support.

However, Mr Alekserov dismissed such fears, saying that "the government here did not interfere with us and will not interfere with us. They know that they cannot develop any policy which runs against the interests of oil production here. Everyone here understands that they must act in this way if we want to co-operate with other countries and with foreign companies".

He admitted, however, that while some legislation had been put in place, more needed to be passed to bring the framework of law up to international standards.

Further output cuts ruled out by Alcoa

By Kenneth Gooding, Mining Correspondent

ALUMINIUM COMPANY of America would make no more production cuts even though the metal's price was near its lowest-ever level, said Mr Paul O'Neill, chairman of the world's biggest aluminium group, yesterday.

He also echoed the industry's sense of frustration and impotence about the flood of exports from Russia which were mainly responsible for pushing aluminium prices down by 30 per cent last year.

Some estimated that Russian exports reached 1m tonnes in 1991, "effectively adding 10 per cent to the world supply out of the blue". He suggested that Russian smelters were "an environmental disaster" and that if they were forced fully to cover costs they would be out of business. Russian smelters appeared to pay almost nothing for labour and capital, while the energy they used "is given away".

But it would be difficult to square the principle of free markets and open world trade by asking the Russians to curtail exports, said Mr O'Neill at a briefing in London.

He predicted that Russian aluminium exports would continue high for some time because producers there faced severely reduced demand from the defence industry while domestic demand for consumer products would not build up until the country had a stable currency. Until that time metal would be exported to obtain the foreign currency to pay for essentials such as food.

The western world had no institution in place to deal with the break-up of a country of 250m people, said Mr O'Neill.

Alcoa had set up a team to visit all the Russian aluminium production centres, he revealed. "We will do an intensive and careful analysis to see if there is a place for [Alcoa] there."

Alcoa's aluminium ingot shipments remained at 1.18m tonnes last year, two thirds to its own fabricating plants. Its average realised price fell from 75 cents a lb to 67 cents. Its affiliate in Mexico shut its smelter and Alcoa postponed negotiations to build a new smelter in Venezuela.

Mr O'Neill insisted that Alcoa's financial strength would carry it through the industry's present problems. He said he was "not pessimistic" about 1992. There were signs of renewed economic growth in the US which should help a European recovery and "along with that a greater potential for the developed countries to help Russia get over these hard times".

Euro MPs back CAP reform

By Andrew Hill in Strasbourg

MR RAY MacSharry, the European Community's agriculture commissioner, said yesterday there was "absolutely no reason" why EC agriculture ministers should not agree on reform of the common agricultural policy in April. He was speaking after Brussels' reform plans received the broad backing of Euro MPs, in what he described as a "very positive" result.

Of the 520 amendments tabled, Mr MacSharry was particularly worried about proposed changes to the core cereals clauses of the reform package. But amendments which would have watered down the planned price cuts for cereals and milk were rejected and will have to be re-examined by the parliament's agriculture committee.

The committee had suggested a more moderate cut in cereal prices than Brussels and also wanted to maintain milk prices, whereas the commission plans a gradual reduction. But MEPs voted against those proposals and new amendments on cereals and milk will have to be tabled at the next full session of Parliament in April.

Mr Reinhold Bocklet, the German Christian Democrat reporting for the agriculture committee, said his colleagues were likely to settle for a 20-30 per cent price cut.

Indians in a tangle over coir yarn policy

Importers are upset over the minimum export price scheme, writes **Kunal Bose**

JUST AS signs are emerging of a revival in the world demand for Indian coir yarn and products, major European importers have been upset by the operation of the minimum export price scheme. Coir, the coarse fibre obtained from the outer husk of the coconut, is used chiefly for carpeting material and twine.

In recent weeks the European Coir Manufacturers Association, the British India Coir Mats Association and the German Coir Association have called on India to dispense with the minimum price, which they say is "now honoured more in its breach."

The German association has told the chairman of Indian Coir Board that "unscrupulous exporters" are offering discounts ranging from 12 per cent to 20 per cent against the MEP, taking advantage of an improvement in margins following the devaluation of the Indian currency. When the MEP was fixed in US dollar terms last year, the exchange rate was arbitrarily taken as Rs17.72 to the dollar. But the rupee value of exports has since gone up by 45 per cent.

According to Mr E.B. Unni, chief executive of Aspinwall & Company, a major exporter of coir products, many of the 200 registered exporters are only too willing to part with a portion of the benefits of rupee devaluation in exchange for increased export orders.

Discounting against the minimum price is, however, a violation of Indian law and the established export houses will not take the risk, says Mr Unni. According to the British association, "the widespread violation of the floor price regulation is putting intolerable strain on both exporters and importers who are seeking to abide by the rules".

It is not that the Indian government does not suspect that some exporters are offering discounts to foreign buyers, but booking the offenders is not going to be easy. Interestingly, in the past, the importers have been in favour of the minimum price scheme as they were ready to pay "remunerative prices" for quality products. The exporters are also expected to procure coir goods at government recommended prices for sustaining the interest of producers in the natural fibre. Unfortunately, not many exporters pay the recommended prices to the producers, admits Mr Unni. Neither the export minimum nor the recommended procurement prices for export have served the interest of producers, who are mostly in the cottage sector.

In the circumstances, the Coir Board, which is coming under increasing pressure from the importers and the established exporters to do away with the minimum export price and other controls on trade is expected to review the coir export policy soon. In the meantime, the board has given an assurance to the importers that it is not planning any "further upward revision of MEP."

The British and German coir associations have assured the Coir Board that they are not asking for the withdrawal of the minimum price to bring prices down, although a temporary fall is not ruled out.

The importers' associations are not averse to the idea of the Indian government imposing a levy on coir exports in the post MEP period, the proceeds of which would be utilised for product and market development.

In spite of the MEP related problems, India, according to Mrs Minnie Mathew, secretary of the Coir Board, will be exporting 30,000 tonnes of coir products, valued at Rs660m (£14m) in the year ending March 1992, compared with 28,000 tonnes worth Rs490m in 1990-91.

The Indian coir industry, which employs nearly 500,000 workers, is concentrated in Kerala, on the south-west coast. Its products are marketed in more than 80 countries, but Western Europe alone accounts for nearly 70 per cent of the export total. The export target for 1992-93, the first year of the eighth plan, is Rs730m. By 1996-97, the final year of the plan, coir exports should reach about Rs1bn. The industry's failure to make better progress in recent years has been largely because of the negative attitude of the successive Kerala governments and the militant opposition of trade unions to mechanisation.

The "back to the nature movement" in the developed countries is no doubt helping the cause of coir, according to Mr Unni. Even so, it accounts for only 2 per cent of the European carpet market.

However, the Coir Board's initiative to promote the fibre as a decorative material and as a geotextile for preventing soil erosion has met with success. In the past couple of years India is estimated to have exported nearly 2,000 tonnes of coir geotextiles.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD was fixed yesterday afternoon at $349 a troy ounce on the London bullion market. This acted as a drag on sentiment in the white metals, which are straining to push upwards, dealers said. Gold continues squeezed between crucial technical support at $348 and producer selling in the $351-$352 area. Chartists pointed to a bullish chart pattern in **SILVER**, which currently lacks a speculative trigger for a rally. Thursday's US retail sales data may be the trigger, they said. "I'm more optimistic on silver at the moment. The longer gold stays where it is, the greater chance there is of silver breaking away," one dealer said. On the LME **ZINC** momentarily dropped to three-week lows in the afternoon on continued liquidation, with support for three-month metal around $1,180 a tonne breached. **TIN** lost ground against a background of freer offers of Brazilian metal. In Chicago **WHEAT** futures were well down at midday, pounded by long liquidation and commission house selling. "There were a lot of longs in the market after the run-up just in case of a hard freeze," said a trader. Market talk that crop damage in the High Plains and the Midwest was not as severe as previously believed contributed to losses, traders said.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-5.20w	-.10
Brent Blend (dated)	$17.15-7.25w	-.10
Brent Blend (Apr)	$17.35-7.45	-.15
W T I (1 pm est)	$18.45-8.55w	-.22

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$193-194	
Gas Oil	$158-159	-1
Heavy Fuel Oil	$71-73	
Naphtha	$174-175	
Petroleum Argus Estimates.		

Other		+ or -
Gold (per troy oz)♣	$349.00	+0.50
Silver (per troy oz)♣	415.0c	-2.0
Platinum (per troy oz)	$363.20	+0.45
Palladium (per troy oz)	$85.25	+0.5
Copper (US Producer)	106.17	+0.51
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.13r	+0.02
Tin (New York)	259.50c	-1.75
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.67p	-0.39
Sheep (live weight)†♣	101.34p	+1.42
Pigs (live weight)†	97.67p	+5.73
London daily sugar (raw)	$213.9v	+3.4
London daily sugar (white)	$269.0v	+1.8
Tate and Lyle export price	£232.5	+3.0
Barley (English feed)	£121.5	+0.5
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	53.50p	
Rubber (May)♥	53.75p	
Rubber (KL RSS No 1 Mar)	210.0m	
Coconut oil (Philippines)§	$650.0t	+10.0
Palm Oil (Malaysian)§	$390.0	-5.0
Copra (Philippines)§	$420.0w	
Soyabeans (US)	£157.0q	
Cotton "A" index	54.70c	-0.2
Wooltops (64s Super)	480p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close m-Malaysian cents/kg ♣Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High	Low
May	186.20	188.40	187.00	184.80
Aug	183.60	190.40	190.60	188.80
Oct	191.00	191.40	191.20	191.20

White	Close	Previous	High	Low
May	268.0	267.0	268.0	266.2
Aug	269.0	267.5	268.4	267.9
Oct	262.8	261.5	262.2	261.4
Dec	264.3		262.4	262.4

Turnover: Raw 306 (121) lots of 50 tonnes. White 782 (1312)
Paris- White (FFr per tonne): May 1511.02 Aug 1535.56

CRUDE OIL – IPE $/barrel

	Latest	Previous	High	Low
Apr	17.42	17.48	17.52	17.36
May	17.50	17.57	17.60	17.44
Jun	17.53	17.65	17.68	17.53
Jul	17.60	17.66	17.69	17.60
Aug	17.63	17.68	17.63	17.61
Sep	17.60	17.70	17.63	17.60
Nov	17.64		17.64	17.64
Dec	17.65		17.65	17.65
IPE Index	17.52	17.46	17.52	17.52

Turnover 15000 (20736)

GAS OIL – IPE $/tonne

	Close	Previous	High	Low
Mar	156.00	158.75	158.75	156.00
Apr	158.25	159.75	159.75	158.25
May	160.00	161.00	161.25	160.00
Jun	162.25	162.75	162.50	161.75
Jul	163.75	164.50	164.25	163.50
Aug	166.25	168.50	166.25	165.50
Sep	168.00	169.00	168.00	167.50
Oct	170.50	171.75	170.75	170.00
Nov	171.75	172.50	171.75	171.50

Turnover 14416 (10239) lots of 100 tonnes

WOOL

Prices at wool sales in Australia this week were unchanged or a little cheaper and it is now recognised that the strong rise in February reached an upper limit by the beginning of March. There has been no major decline but inevitably the general reaction in wool using markets is to wait and see what happens before coming to further major buying decisions. The UK Budget has useful measures designed to help small businesses but its impact on recovery and interest rates is now seen as dependent on the General Election. The AWC Market Indicator was 638 cents on March 11th

COCOA – London FOX £/tonne

	Close	Previous	High	Low
Mar	649	643	650	647
May	670	664	671	665
Jul	698	695	700	696
Sep	724	720	725	722
Dec	759	753	761	755
Mar	790	785	792	789

Turnover: 2272 (4416) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.10 815.71 (819.87) 10 day average for Mar.11 845.24 (850.11)

COFFEE – London FOX $/tonne

	Close	Previous	High	Low
Mar	838	812	854	837
May	858	831	875	848
Jul	878	854	895	876
Sep	901	875	910	898
Nov	923	897	935	925
Jan	945	922	955	955

Turnover:7423 (2845) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 10: Comp. daily 55.60 (55.35) 15 day average 54.86 (54.81)
Sterling close: March £487

POTATOES – London FOX £/tonne

	Close	Previous	High	Low
Apr	116.4	120.0	119.0	115.0
May	139.0	142.5	142.0	138.0
Apr	128.5	129.8	129.0	128.0

Turnover 175 (6) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High	Low
Jun	126.00	126.50	126.00	126.00

Turnover 15 (35) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High	Low
Mar	1260	1260	1275	1260
Apr	1303	1330	1326	1310
May	1289	1320	1311	1289
Oct	1280	1295	1280	1280
BFI	1231	1232	1231	1231

Turnover 156 (138)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High	Low
Mar	125.15	124.55	125.00	124.50
May	128.00	127.30	128.00	127.40
Jun	129.90	129.15	129.50	129.15
Nov	115.80	115.90	115.80	
Jan	119.55	119.85	119.55	
Mar	122.70		122.70	

Barley	Close	Previous	High	Low
Mar	116.25	116.50	116.25	116.25
May	118.25	119.00	119.00	118.00

Turnover: Wheat 266 (444), Barley 6 (101).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High	Low
May	118.5	120.0	118.5	118.5

Turnover: 2 (11) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 35,320 lots
Cash	1267-8	1269-70		1265-5.5		
3 months	1293-3.5	1295-5.5	1298/1290	1291.5-2	1293-5	154,272 lots
Copper, Grade A (£ per tonne)						Total daily turnover 28,332 lots
Cash	1293-4	1296-7	1304/1303.5	1303-3.5		
3 months	1318-9	1322-3	1330/1317	1328.5-9	1317-8	120,098 lots
Lead (£ per tonne)						Total daily turnover 5,6196 lots
Cash	298.75-9.25	300-1		303.25-3.5		
3 months	310-10.25	311-11.5	315/310	314-4.5	312-3	15,805 lots
Nickel ($ per tonne)						Total daily turnover 3,250 lots
Cash	7515-25	7510-20	7490	7485-90		
3 months	7600-10	7595-605	7630/7510	7560-65	7580-90	22,619 lots
Tin ($ per tonne)						Total daily turnover 1,353 lots
Cash	5585-95	5620-30	5618	5618-20		
3 months	5630-35	5660-65	5660/5620	5660-70	5620-5	5,519 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 10,793 lots
Cash	1167-8	1173.5-5.5	1173	1172-3		
3 months	1178-80	1186-7	1192/1178	1185-6	1180-2	47,767 lots

LME Closing £/$ rate: SPOT: 1.7255 3 months: 1.6993 6 months: 1.6763 9 months: 1.6573

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	348.80-349.20	
Opening	349.00-349.40	
Morning fix	349.00	203.570
Afternoon fix	349.00	203.094
Day's high	349.60-349.90	
Day's low	348.80-349.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.60	6 months	3.61
2 months	3.61	12 months	3.63
3 months	3.61		

Silver fix	p/fine oz	US cts equiv
Spot	242.70	415.25
3 months	249.00	419.70
6 months	255.40	424.55
12 months	267.25	434.95

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	349.00-350.00	203.00-203.50
Maple leaf	360.00-361.00	209.50-210.00
New Sovereign	85.50-86.50	49.75-50.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	98	118	11	19
1300	38	57	48	55
1400	8	22	119	119
Copper (Grade A)	**Calls**		**Puts**	
2150	100	107	9	22
2250	35	49	43	62
2350	7	17	114	128
Coffee	**May**	**Jul**	**May**	**Jul**
850	27	58	19	30
900	9	34	51	56
950	2	19	94	91
Cocoa	**May**	**Jul**	**May**	**Jul**
725	5	23	80	50
750	26	16	82	69
775	1	11	105	88
Brent Crude	**Apr**	**May**	**Apr**	**May**
1750	5	45	6	41
1800		24		
1850		13		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High	Low
Mar	350.7	349.0	0	0
Apr	351.4	349.8	351.5	349.6
May	352.5	350.9	0	0
Jun	353.8	352.0	353.9	351.9
Aug	355.8	354.3	354.8	354.4
Oct	358.2	356.6	357.2	357.2
Dec	360.7	359.1	360.0	359.2
Feb	363.3	361.7	362.5	362.5
Apr	366.0	354.3	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Mar	365.1	365.1	0	0
Apr	363.4	363.7	365.0	360.8
Jul	362.4	362.7	364.0	360.5
Oct	364.9	365.2	367.0	367.0
Jan	364.9	365.2	365.2	365.2

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Mar	414.7	414.4	415.0	413.0
Apr	415.8	415.6	0	0
May	417.5	417.3	418.5	415.5
Jul	420.8	420.6	421.5	419.0
Sep	424.6	424.4	0	0
Dec	430.2	430.0	431.0	429.5
Jan	431.9	431.7	0	0
Mar	436.3	436.1	437.0	436.0
May	440.9	440.7	0	0
Jul	445.5	445.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	101.25	101.95	101.95	101.05
Apr	101.25	102.10	0	0
May	101.20	102.05	102.00	101.00
Jun	100.95	101.75	0	0
Jul	100.70	101.50	101.50	100.50
Aug	100.50	101.25	0	0
Sep	100.25	101.00	100.85	100.25
Oct	100.15	100.85	0	0
Nov	100.05	100.70	0	0
Dec	99.95	100.60	100.30	99.90

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
May	8.37	8.39	8.45	8.30
Jul	8.46	8.48	8.52	8.42
Oct	8.57	8.55	8.59	8.51
Mar	8.67	8.59	8.71	8.68
May	8.70	8.71	8.74	8.70
Jul	8.73	8.73	8.73	8.73

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High	Low
Apr	18.48	18.69	18.66	18.43
May	18.69	18.89	18.88	18.65
Jun	18.86	19.02	19.02	18.81
Jul	18.96	19.11	19.11	18.90
Aug	19.00	19.14	19.10	19.00
Sep	19.04	19.15	19.10	19.04
Oct	19.05	19.16	19.14	19.04
Nov	19.07	19.17	19.09	19.07
Dec	19.12	19.18	19.12	19.10
Jan	19.03	19.15	19.09	19.03

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High	Low
Apr	5120	5183	5185	5110
May	5120	5173	5180	5110
Jun	5135	5170	5175	5115
Jul	5175	5203	5215	5160
Aug	5250	5270	5270	5245
Sep	5375	5390	5405	5370
Oct	5495	5495	0	0
Nov	5590	5595	5595	5580
Dec	5660	5690	5710	5665
Jan	5710	5715	5730	5710

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Mar	1019	1001	1025	1025
May	1054	1037	1057	1045
Jul	1091	1074	1094	1082
Sep	1126	1110	1128	1119
Dec	1171	1154	1172	1162
Mar	1211	1194	1210	1205
May	1239	1222	1240	1240
Jul	1268	1252	0	0
Sep	1302	1285	0	0
Dec	1337	1320	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Mar	72.25	69.85	73.25	71.60
May	72.50	70.85	74.00	72.00
Jul	74.60	73.10	75.75	74.25
Sep	77.35	76.00	78.00	76.85
Dec	81.00	79.25	81.25	79.75
Mar	84.00	82.75	84.00	83.95
May	86.45	85.90	0	0
Jul	88.50	88.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
May	53.81	58.50	54.30	53.75
Jul	55.38	58.40	56.85	56.30
Oct	58.03	60.85	58.40	58.03
Dec	58.92	61.40	59.20	58.90
Mar	60.33	61.87	60.60	60.30
May	60.93	61.40	61.05	60.80
Jul	61.45	61.87		61.60

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	143.40	143.25	143.90	142.50
May	141.50	142.10	143.10	141.25
Jul	138.90	139.15	139.90	138.50
Sep	132.45	132.50	133.40	132.50
Nov	124.55	124.55	126.00	124.00
Jan	124.50	123.75	124.50	124.50
Mar	124.25	123.50	123.50	123.50
May	124.25	123.50	0	0
Jul	124.25	123.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar.11	Mar. 10	mnth ago	yr ago
1616.6	1609.7	1565.8	1700.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.10	Mar.9	mnth ago	yr ago
Spot	118.81	118.45	118.75	126.32
Futures	122.60	122.72	121.90	129.82

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Mar	591/4	598/4	593/4	587/4
May	598/4	596/2	601/0	594/8
Jul	608/6	606/2	610/6	604/4
Aug	612/6	610/4	615/4	609/4
Sep	615/4	614/0	618/0	612/4
Nov	623/4	622/6	626/4	619/6
Jan	632/2	631/6	634/0	628/4
Mar	640/0	640/0	643/0	636/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Mar	20.97	20.73	21.07	20.58
May	21.18	20.94	21.36	20.82
Jul	21.45	21.27	21.57	21.13
Aug	21.62	21.45	21.80	21.30
Sep	21.76	21.59	21.95	21.45
Oct	21.85	21.66	22.00	21.60
Dec	22.14	21.99	22.35	21.85
Jan	22.20	22.07	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Mar	175.0	175.3	175.7	174.6
May	176.7	177.2	177.8	176.5
Jul	179.6	180.2	180.7	179.5
Aug	180.5	181.1	181.8	180.5
Sep	181.8	182.3	182.5	181.5
Oct	196.3	197.2	197.5	196.3
Dec	198.3	198.8	199.2	198.0
Jan	199.2	199.5	199.5	198.7

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Mar	268/4	269/0	269/0	266/0
May	275/4	276/0	275/4	272/6
Jul	279/6	280/6	280/2	277/2
Sep	274/4	274/6	275/0	271/0
Dec	269/2	270/8	269/4	266/2
Mar	275/6	276/6	276/0	272/6
May	278/0	279/2	278/2	276/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Mar	402/0	410/4	409/4	397/0
May	394/0	400/2	399/4	389/0
Jul	384/4	386/0	386/4	378/0
Sep	388/0	390/2	390/4	383/0
Dec	397/0	398/2	398/4	392/0
Mar	398/4	400/4	401/0	394/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Apr	77.975	79.375	79.625	77.925
Jun	73.750	74.900	75.050	73.700
Aug	69.700	70.750	70.950	69.500
Oct	69.250	70.300	70.500	69.200
Dec	69.750	70.575	70.700	69.500
Feb	69.000	69.825	70.000	69.000
Apr	70.250	70.650	70.850	70.250

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High	Low
Apr	40.675	41.025	41.100	40.600
Jun	46.100	46.275	46.250	45.850
Jul	45.550	45.825	45.775	45.350
Aug	43.725	43.825	43.950	43.625
Oct	41.075	41.350	41.350	40.950
Dec	44.300	44.550	44.650	44.200
Feb	45.150	45.400	45.200	45.000
Apr	42.950	43.100	43.000	42.800

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High	Low
Mar	35.600	36.250	35.850	35.350
May	36.475	36.950	36.900	36.250
Jul	37.350	37.775	37.675	37.175
Aug	35.975	36.300	36.600	35.900
Feb	48.050	48.050	48.050	47.900
Mar	47.100	47.300	0	47.100
May	50.000	50.500	0	50.000

LONDON STOCK EXCHANGE

Election news prompts heavy setback

By Terry Byland, UK Stock Market Editor

CONFIRMATION yesterday that a general election will be held in the UK next month fuelled increasing doubts in the stock market regarding the vote-winning capacity of the government's Budget measures. Mounting concern among market firms prompted the biggest one day fall in the FT-SE Index since last year's failed coup in Russia.

In late afternoon, after Mr John Major, the UK prime minister, had announced that April 9 would be election day, share prices went into almost free fall, and the Footsie closed 52.4 down at 2,522.4, or about 2 per cent lower.

The City's relatively negative view of the Budget put forward by Mr Norman Lamont, the UK chancellor of the exchequer, was quickly translated into doubts over the electoral chances of the governing Conservative party. However, the market's fall was restrained at first by a steady performance from sterling.

Belief that it will now be difficult for UK base rates to be reduced ahead of the election reinforced worries over the government's prospects of remaining in office. Tomorrow is expected to bring the results from first post-Budget opinion polls; the last opinion polls ahead of the Budget showed the government dragging three points behind the opposition.

The setback in the Footsie largely reflected heavy arbitraging between stock index futures and the underlying equities. At the close, the March contract on the FT-SE Index was at a 10 point discount to the Index itself.

While some lines of stock did come on offer, there was no great sell-off in the share market. At last night's close, the FT-SE Index was only 11 points below Friday's closing level.

"The market was telling us that the pre-Budget rally should never have happened," commented a senior trader at one leading UK house. Nearly half of yesterday's fall represented a correction of the 24 point gain in the Footsie on Budget Day, when equities brushed off the less favourable performance from government bonds.

As expected, equities opened lower and the Footsie was 12 points down in early trading, although turnover was light at that stage. At Strauss Turnbull, traders were advised to "sell into any rallies."

With sterling steady at first, some analysts suggested that base rates might be cut during the election campaign – April 9 had long been pencilled in as election day by most of the leading UK-based securities trading firms.

Share prices tried to rally but soon lost heart again as it was confirmed that the election date would be announced at mid-session. Firmness in the pound failed to shake the views of many equity strategists that base rates could not be cut this side of the election and shares began to give ground.

Once the market began to slide, it was clear that there were few, if any buyers around. Tuesday's gains in interest rate-orientated stocks, like stores and building material groups, and also in brewing stocks, were sharply reversed. There were losses in the privatisation issues which are always highly vulnerable to fears that a Labour government might seek to reverse their status.

Seaq-reported trading volume increased to 554.8m shares from the subdued volume of 431.8m recorded on Budget Day.

Account Dealing Dates		
*First Dealings:		
Feb 24	Mar 9	Mar 23
Option Declarations:		
Mar 5	Mar 19	Apr 2
Last Dealings:		
Mar 6	Mar 20	Apr 3
Account Day:		
Mar 16	Mar 30	Apr 13

*New-time dealings may take place from 9.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Mar 11	Mar 10	Mar 9	Mar 6	Mar 5	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.87	87.42	87.52	87.22	87.42	85.01	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.19	100.76	100.58	100.50	100.79	93.40	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1988.6	2009.6	1984.4	1968.6	1970.6	1947.6	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	126.9	126.5	126.8	128.0	126.5	145.8	222.8 (11/7/91)	126.0 (4/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2522.4	2574.8	2550.7	2533.1	2538.3	2454.8	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1183.98	1196.08	1187.66	1182.32	1187.90	1127.76	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.56	4.48	4.51	4.53	4.63	4.98				
●Earning Yld %(full)	6.48	6.36	6.41	6.44	6.44	9.51				
●P/E Ratio(Net)(☆)	19.55	19.87	19.73	19.64	19.63	12.98				
SEAQ Bargns 5.00pm	29,536	26,259	34,983	38,173	36,856	43,858				
Equity Turnover(£m)†	-	853.9	700.1	1092.0	1,120.4	1260.87				
Equity Bargains†	-	30,842	37,797	42,582	41,207	51,318				
Shares Traded (ml)†	-	375.5	343.5	482.7	535.4	677.5				

Basis 100 Govt. Secs 15/10/26, Fixed int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.55

Ordinary Share Index, Hourly changes Day's High 1996.3 Day's Low 1988.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1993.4	1993.2	1989.6	1982.6	1983.6	1984.5	1980.2	1975.4	1969.9

FT-SE 100, Hourly changes Day's High 2560.6 Day's Low 2522.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2558.8	2555.2	2551.1	2544.1	2546.5	2546.9	2542.7	2535.3	2526.0

FT-SE Eurotrack 200, Hourly changes Day's High 1189.98 Day's Low 1183.29

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1188.82	1189.55	1187.61	1187.91	1188.00	1186.50	1184.34

GILT EDGED ACTIVITY

Indices*	Mar 10	Mar 9
Gilt Edged Bargains	106.2	97.6
5 – Day average	107.6	107.4

*SE Activity 1974. †Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	9	510	-18
ASDA Group	9,400	37½	-1
Abbey National	3,100	282	-11
Albert Fisher	789	65	-1
Allied-Lyons	1,300	630	-19
Amstrad	2,600	36	-2
Anglian Water	2,000	355	-12
Argos	618	272	-10
Argyll Group	10,000	328	-6
Arjo Wiggins	1,300	250	-3
Ass. Brit. Foods	742	433	
BAA	944	556	-9
BAT Inds.	2,000	850	-3
BET	2,900	153	-2
BICC	1,200	391	-14
BOC	842	660	-11
BPB Inds.	657	149	-7
BTR	4,600	386	-13
Bank of Scotland	491	111	-2
Barclays	4,100	350	-13
Bass	1,500	552	-21
Berisford Intl.	433	18	
Blue Circle	1,200	255	-10
Booker	58	460	
Boots	1,200	450	-12
Bowater	348	790	-2
Brit. Aerospace	2,700	327	-8
British Airways	1,900	259	-6
British Gas	11,000	254½	-3½
British Land	402	220	-7
BP	12,000	263	-5½
British Steel	3,600	74½	-1½
British Telecom	8,900	331	-4
Br. Telecom New	8,600	117	-3½
Bunzl	403	81	-1
Burmah Castrol	285	525	-2
Burton	7,900	36½	-1½
Cable & Wire.	2,000	608	-11
Cadbury Schweppes	2,000	457	-7
Calor Group	311	192	-1
Carlton Comms.	379	581	-5
Coats Viyella	3,400	196	-8
Comm Union	862	429	-19
Cookson	546	107	+1
Courtaulds	1,100	509	-5
Dalgety	632	388	-6
De La Rue	288	563	-8
Dixons	3,200	228	-12
ECC Group	569	487	-12
Eastern Elect.	1,500	246	-10
East Midland Elect.	647	257	-7
Enterprise Oil	860	369	-20
Eurotunnel Units	189	451	+1
FKI	1,100	60	-1
Ferranti	347	5½	
Fisons	5,400	367	-4
Forte	2,600	231	-½
Gen. Accident	388	436	-6
General Elect.	3,800	210	-6
Glaxo	3,600	777	-20
Glynwed Intl.	1,400	229	-10
Granada	783	253	-3
Grand Met.	2,300	907	-26
GUS A	830	1528	-29
GRE	532	120	-5
GKN	590	327	-9
Guinness	3,000	802	-29
Hammerson 'A'	93	424	-8
Hanson	8,700	219	-4½
Hanson Warrants	1,600	21	-1½
Harrisons Crosfield	1,100	120	-4
Hillsdown	10,000	172	+3
IMI	437	255	+1
ICI	1,400	1266	-15
Inchcape	1,200	459	-11
Kingfisher	3,900	503	-28
Kwik Save	936	569	-2
Ladbroke	4,000	236	-10½
Land Securities	1,000	423	-11
Laporte	721	599	-14
Legal & General	1,000	367	-13
Lloyds Abbey	1,400	379	-16
Lloyds Bank	3,000	402	-11
LASMO	5,300	196	-12
London Elect.	1,200	274	-11
Lonrho	3,400	118	-3
Lucas	5,000	121	-3
MB Caradon	363	271	-4
MEPC	522	333	-9
Manweb	508	319	-8
Marks & Spencer	7,300	317	-6
Midland Bank	1,100	257	-9
Midlands Elect.	964	286	-12
NFC	2,900	253	+1
NatWest Bank	5,300	305	-12
National Power	7,500	217	-1
Next	3,700	66	-3½
North West Water	1,300	364	-16
Northern Elect.	539	287	-10
Northern Foods	1,300	660	-4
Norweb	1,000	284	-11
Pearson	523	828	-15
P & O	1,400	402	-10
Pilkington	1,700	129	-6
PowerGen	3,100	228	+1
Prudential	1,800	235	-6
RHM	3,000	213	-1
RMC	468	570	-25
RTZ	2,000	539	-14
Racal	3,800	57	-½
Rank Org.	937	699	-19
Reckitt & Colman	880	898	-8
Redland	2,300	460	-16
Reed Intl.	778	525	-17
Renold	114	375	-7
Reuters	398	1154	-9
Rolls Royce	3,200	157	-5
Rothmans	438	1050	-18
Ryl Bk Scotland	2,000	178	-7
Royal Insurance	1,700	186	-1
Saatchi	10,000	18	-½
Sainsbury	1,700	394	-3
Scottish & New.	821	455	-3
Scot. Hydro-Elect.	2,700	104	-2½
Scottish Power	4,800	102	-1½
Sears	2,500	101	-4
Sedgwick	972	215	-5
Seeboard	1,000	274	-1
Severn Trent Water	3,400	340	-16
Shell Transport	2,400	442	-7
Siebe	717	599	-8
Slough Ests	1,800	175	-22
Smith (W.H.) A	1,100	470	-10
Smith & Nephew	3,600	141½	-2
SmKl Beecham	1,700	699	-10
SmKl Beecham Uts.	92	4075	-15
Smiths Inds.	2,600	294	-5
Southern Elect.	325	263	-12
South Wales Elect.	471	303	-14
South West Water	2,500	359	-7
South West. Elect.	958	280	-13
Southern Water	1,100	334	-7
Standard Chartd.	3,600	456	-7
Storehouse	4,100	116	+2
Sun Alliance	1,100	275	-9
T&N	14,000	124½	+5
TI Group	589	628	-5
TSB	2,700	130	-6
Tarmac	4,600	120	-8
Tate & Lyle	2,600	431	+2
Taylor Woodrow	304	112	-2
Tesco	5,000	284	-1
Thames Water	1,100	361	-13
Thorn EMI	2,100	786	-3
Tomkins	972	452	-3
Trafalgar House	2,000	136	-5
Unigate	229	302	-1
Unilever	1,400	939	-11
United Biscuits	651	412	-3
Utd. Newspapers	414	371	-6
Vodafone	3,100	351	-9
Warburg (SG)	409	544	-3
Wellcome	388	996	-8
Welsh Water	958	383	-11
Wessex Water	337	394	-12
Whitbread 'A'	359	431	-13
Williams Hldgs	1,900	334	-1
Willis Corroon	945	247	-7
Wimpey	1,200	129	-10
Wolseley	510	442	-7
Yorkshire Elect.	577	310	-11
Yorkshire Water	530	382	-8

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

Utilities under pressure

THE UTILITIES sectors of the markets were especially sensitive to worries about the post-Budget political outlook. Dealers said they had had to accommodate increasingly large selling orders in both the water and electricity areas.

In the former sector the Footsie constituents were heavily sold, with Anglian sliding 12 to 355p on 2m traded, North West Water 16 to 364p on 1.3m, Severn Trent 16 to 340p on 3.2m and Thames 13 to 361p on 1.1m.

Specialists pointed out, however, that there had been an element of correction in the water sector, having outperformed the equity market in recent months.

Mr Angelos Anastasiou, at Panmure Gordon, said water shares were delicately poised ahead of the general election: "Although I think the Tories will win I still think, whatever the outcome of the election, there is more upside than downside in the sector."

The regional electricity issues closed marginally above the day's lows, leaving the Electricity Package 97 down at £2723.

Oils upset

Enterprise Oil and Lasmo, the UK's two leading exploration and production (E & P) stocks, led the oil sector lower as the market was affected by a bout of nerves ahead of Enterprise's preliminary figures, due this morning.

Enterprise dropped 20 to 369p, some 5.7 per cent, while Lasmo retreated 12 to 196p, or around 6 per cent, with much of the activity concentrated in the latter, where turnover expanded to a hefty 5.3m shares. Volume in Enterprise was just short of 1m shares.

The nervousness surrounding Enterprise was said to have been focused on the dividend, where there were rumours that one influential broker had cut his forecast. The dividend stories were unfounded, but there remained considerable unease about the size of the expected fall in Enterprise's net income over the past year.

Mr John Toalster at Strauss Turnbull said he expected the E & P stocks to trigger another downward lurch by the oil sector. "The E & P's are the most exposed to weak oil prices," he added, "and a slide by the E & P's will be followed by BP and lastly by Shell.

BP, where there was evidence that the recent US support has dried up, receded 5½ to 263p on turnover of 12m. Shell lost 7 to 442p.

Forte active

Following its recent strong showing, further support for Forte pushed the shares forward 3, before slipping to end a halfpenny down on the day at 231p. Turnover was a busy 2.6m shares.

The hotel group will today announce that a majority of holders of the group's warrants – which were attached to an £83m maturing Eurobond – had exercised them into 30.4m ordinary shares, providing £70m for the company out of a potential £93m.

A spokesman for Forte said the company was "very pleased" with the result. For technical reasons, the deadline for exercising warrants may be extended until tomorrow, and the spokesman said the figure could rise further.

Laporte lower

Chemicals group Laporte came under pressure as two brokers moved to a sell stance on differing worries over share dilution and company performance.

Hoare Govett changed its position due to the technical nature of Laporte's disposal of the 25 per cent stake held by Solvay, the Belgian chemicals group. Around 9 per cent is due for an imminent share placing, while the remainder is to be cancelled, and the broker believes this will lead to some institutional shareholders becoming overweight on the stock. The shares fell 14 to 599p.

Credit Laing Lyonnais also moved to a sell, arguing that Laporte's stated objective of a 15 per cent growth in pre-tax profits would not be realised, mainly because of tight margins and its need to make acquisitions.

Kingfisher weak

Among stores, Kingfisher looked particularly weak, falling 28 to 503p after County NatWest recommended selling the shares. County produced a strategic reassessment, suggesting that it is very difficult to believe the company will deliver above-average growth unless it makes a major acquisition.

Fears of a price war in the do-it-yourself market was seen as particularly damaging for Kingfisher, which makes above-average profits from this sector.

Brewery issues, like stores, held a premium rating ahead of the Budget and were liable to profit-taking as nervousness increased after the naming of the general election day. Shares in the major brewers slipped, with Allied-Lyons retreating 19 to 630p, Bass 21 to 552p, Grand Metropolitan 26 to 907p and Whitbread "A" 13 to 431p.

A pegging of the Uniform Business Rate and a cut in the lowest rate at which income tax is levied was seen as helpful for stores, but the sector already had a premium rating and lost ground in general disappointment with the Budget.

Analysts had doubts whether the chancellor had done enough "to help the Tories get back in" and therefore saw stores as particularly vulnerable to profit-taking. Boots gave up 12 to 450p, Marks and Spencer 6 to 317p and W.H. Smith 10 to 470p.

The Budget had few implications for the tobacco sector in spite of a rise of 13p in the price of 20 cigarettes. UK volume of Rothmans International accounts for only 8 per cent of total group sales, but the shares fell 18 to 1050p.

Standard Chartered's excellent profits performance failed to prevent a slide in the shares of 7 to 456p. Other banks were given a rougher ride by the market, with Barclays finally 13 off at 350p.

Bespak, which makes valves for inhalers, jumped 14 to 525p as stock came into the market following a recent rights issue.

Good two-way business in Fisons saw the shares off 4 at 367p in busy turnover of 5.4m.

US sellers were prominent in a fall for Glaxo, adding to the market's negative sentiment. The shares lost 20 to 777p.

Food group Hillsdown surprised the market with a rise of 10 per cent in its full-year dividend to 8.8p, in spite of a decline in last year's profits to £186.8m from £191.2m. The profit figures were slightly above average market estimates of around £184m, and the shares put on 3 to 172p as the dividend announcement showed continued confidence in the company's prospects.

Other food manufacturers followed the general downward trend, with Cadbury Schweppes falling 7 to 457p and Unilever losing 11 to 939p.

BTR followed the market south, ending 13 down at 386p in spite of reporting favourable figures slightly better than market expectations. Mr Jack Jones at UBS Phillips & Drew was particularly encouraged by the "positive statement" accompanying the results and predicted 1992 profits of £1.065bn. Turnover was 4.8m.

P & O surrendered gains made earlier this week and fell 10 to 402p after the Department of Trade and Industry vetoed a request from the company and Sealink Stena to set up a joint cross-Channel service. The DTI said the link would damage competition ahead of the Channel tunnel's opening.

Shares in Eurotunnel responded by firming a penny to 451p, making it one of a handful of FT-SE 100 stocks to buck the market trend. Turnover was, however, poor.

NFC was another transport stock favoured by investors. Some 2.6m shares were traded as the stock gained 1 to 253p.

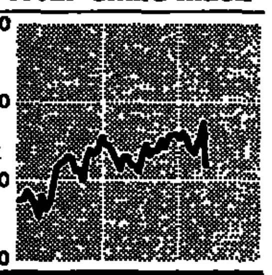
Simon Engineering experienced a volatile session. The shares initially rose modestly as the market appreciated the company's maintained dividend in spite of a 50 per cent profits setback to £18.3m. But fears for the 1992 dividend following a gloomy analysts' meeting surfaced and sent the shares tumbling to end 34 down at 246p.

However, Mr Sandy Morris at County NatWest, who is forecasting 1992 profits of £24m, believes a modest recovery should help the company maintain the dividend.

MARKET REPORTERS:
Colin Millham, Joel Kibazo, Steve Thompson, Christopher Price.

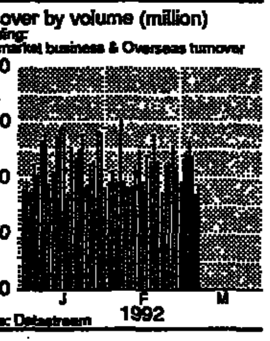
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 22.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (88).

AMERICANS (4) Dun & Bradstreet, Honeywell, Morris (Ph), Sears Roebuck, BANKS (2) HSBC, Standard Chartered, BREWERS & DISTILLERS (2) Greene King, Wolv. & Dudley, BUILDING MATERIALS (3) Heywood Williams, Do. Cv. Prf., Tilon, BUSINESS SERVICES (2) Davis Service, Johnson Cleaners, CONGLOMERATES (1) Jardine Hldgs., CONTRACTING & CONSTRUCTION (1) Maunders (J), ELECTRICALS (3) China Light, Jones Stroud, Unidare, ELECTRONICS (3) ACT, Bowthorpe, Microvitec, ENGINEERING GENERAL (3) Concentric, Fairey, Weir, FOOD MANUFACTURING (1) Nichols (Vimto), FOOD RETAILING (1) Morrison (Wm) 5¼pc Prf., HEALTH & HOUSEHOLD (2) Bespak, Crown Eyeglass, HOTELS & LEISURE (1) Mandarin Oriental, INVESTMENT TRUSTS (7) Beta Global Emrg. Mkts. Wrrnts., China & Eastern, Drayton Blue Chip Zero Prf., Pacific Assets, Do. Wrrnts., Second Market, Templeton Emrg. Mkts., MEDIA (1) News Corp., MISCELLANEOUS (4) Calderburn, Cornwell Parker A, Relyon, Stag Furniture, MOTORS (7) BSG, Dagenham Motors, Davenport Vernon, Lex Service, Pendragon, Sanderson Murray & E., Vardy (Reg), OTHER FINANCIAL (3) BWD Secs., Jardine Strategic, Swire Pacific A, OTHER INDUSTRIAL MATERIALS (1) Servomex, STORES (1) Lloyds Chemists, TEXTILES (3) Courtaulds Texts., Readicut, Sherwood Grp., TRANSPORT (3) Cathay Pacific, NFC, Tibbett & Britten, MINES (1) MIM.

NEW LOWS (48).

BRITISH FUNDS (2) Ex. 13½pc 1992, Tr. 9pc 2012, BUILDING MATERIALS (1) Ward Grp., BUSINESS SERVICES (1) Brook Service, CONGLOMERATES (1) Gleves, CONTRACTING & CONSTRUCTION (2) Galliford, Kajima, ELECTRICALS (2) Fujitsu, Toshiba, ELECTRONICS (1) Alphameric, ENGINEERING AEROSPACE (1) ML, ENGINEERING GENERAL (3) Ransomes, Do. 8¼pc Prf., Renold, HOTELS & LEISURE (1) European Leis., INSURANCE BROKERS (1) Archer (AJ), INVESTMENT TRUSTS (10) Drayton Blue Chip, Drayton Recovery, Electra, JF Asia Select Wrrnts., JF Pacific Wrrnts. (Regd), River & Merc. Geared Inc., Scot. Natl. Inc., Do. Cap., Sphere Inc., Venturi Cap., OIL & GAS (8) Alliance Res., Cairn Energy, Clyde Petrlm., Enterprise Oil, Globe Petrlm., Premier Cons., Teredo Petrlm., Triton Europe, OTHER FINANCIAL (1) King & Shaxson, PROPERTY (10) Brit. Land (Jersey) 8½pc Cv. 2011, Capital & Counties, Derwent Valley, Gt. Portland, MEPC, Marlvale Moore, Micklegate, Regalian, Slough Ests., Do. 8¼pc Prf., TRANSPORT (2) All Nippon Airways, Manchester Ship Canal, MINES (1) Leslie.

EQUITY FUTURES AND OPTIONS TRADING

NEGATIVE sentiment about Tuesday's Budget sent stock index futures tumbling, as dealers unwound positions taken on ahead of the chancellor's statement, writes Joel Kibazo.

A modest advance fell away as the negative mood towards the Budget took hold and sharp falls were recorded in March, the underlying cash market lower being led lower.

The announcement of the election date, together with falls in the gilts and money markets, only served to further weaken March, sending it to trade around its fair value premium to cash and briefly at a discount to the cash market.

The contract eventually closed at 2,525, down 45 on the previous session, and below its estimated fair value premium to cash of around 4. Turnover at over 7,000 contracts was healthy. Further falls were recorded in after-hours trading, with March at one point trading at 2,512, 10 points below the closing level of the cash market, leading to speculation of a poor opening today.

In LTOM turnover reached 21,886 with the FT-SE 100 index option accounting for 1,035 lots, as dealers took to hedging positions. BT, seen as a defensive stock, was the busiest stock option, trading 911 lots.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
8pc 1992‡‡		99 13/32xd	—	99 13/32	95 11/16	8.82	10.23
10½pc Cv 1992‡‡		100	—	100 13/32	98½	10.50	10.22
3pc 1992		98¾	—	98¾	91 5/16	3.04	7.52
Exch 12¼pc 1992		100 13/32	-1/16	102 3/16	100⅝	12.14	10.22
13½pc 1992		101 11/32xd	-1/16	104⅛	101 11/16	13.28	10.21
Treas 8¾pc 1993		98 13/16	-⅛	98 13/16	94	8.36	9.67
10pc 1993‡‡		100¼xd	-⅛	100¾	97 5/16	9.98	9.81
12½pc 1993‡‡		103 5/16	-3/16	104¾	102⅜	12.11	9.86
Funding 6pc 1993‡‡		96 3/16xd	-1/16	96 3/16	89⅝	6.24	8.73
Treas 13¾pc 1993‡‡		105 13/16	-¼	108 5/16	105⅝	12.98	9.82
8½pc 1994		98	-3/16	98½	92 13/16	8.67	9.86
14½pc 1994‡‡		108 5/16	-¼	111⅝	108 5/16	13.40	9.87
Exch 13½pc 1994		106⅞	-¼	109	105 13/32	12.63	9.84
Treas. 10pc Ln. 1994‡‡		100½	-3/16	101 5/16	96 13/16	9.96	9.74
Exch 12½pc 1994		105 21/32	-11/32	107⅛	103⅝	11.83	9.85
Treas 9pc 1994‡‡		98 5/16	-⅜	99⅛	93¼	9.14	9.67
12pc 1995		105 15/32	-15/32	106 13/32	102 3/16	11.39	9.81
Exch 3pc Gas 90–95		88¾	—	89	82¼	3.38	7.06
10¼pc 1995		101 3/16	-⅜	102 11/32	96 27/32	10.12	9.79
Treas 12¾pc 1995‡‡		108	-3/16	110 13/32	105⅞	11.78	9.79
14pc 1996		112⅝	-⅜	114 3/16	109 13/16	12.43	9.98
9pc 1992–96‡‡		99 13/32xd	-3/16	100	92 15/16	9.02	9.06
15¼pc 1996‡‡		117½	-7/16	119 23/32	115 11/16	12.98	10.00
Exch 13¼pc 1996‡‡		111 5/16	-13/32	112 13/16	108	11.93	9.95
Conversion 10pc 1996		101	-3/16	102 5/16	95 13/16	9.90	9.74
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		112 23/32	-13/32	114 5/16	108 11/16	11.75	9.90
Exch 10½pc 1997		103 3/16	-3/16	104½	97¼	10.19	9.72
Treas 8¾pc 1997‡‡		96 3/16	-3/16	97 13/16	89 13/16	9.10	9.66
Exch 15pc 1997		121	-3/16	123 3/16	117	12.48	10.02
9¾pc 1998		100 3/16	-3/16	101 13/32	93 15/16	9.74	9.73
Treas 6¾pc 1995–98‡‡		88 13/16	-13/32	90⅛	80⅝	7.64	9.27
15½pc '98‡‡		126 5/16xd	-13/32	128⅞	121¾	12.27	9.95
Exch 12pc 1998		110 15/32	-13/32	112 13/32	104⅝	10.88	9.84

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		99 11/16	-⅝	101⅝	92 11/16	9.53	9.55
Exch 12¼pc 1999		112xd	-¼	114 3/16	105 13/32	10.94	9.84
Treas 10½pc 1999		103⅞	-13/32	105 13/32	97 5/16	10.11	9.73
Conversion 10¼pc 1999		102¾	-¾	104⅞	95 13/16	9.98	9.72
9pc 2000‡‡		98 13/16	-13/32	99 5/16	89⅝	9.28	9.54
Treas 13pc 2000		117 5/16	-13/32	119 13/16	110½	11.09	9.90
10pc 2001		102	-13/32	104 5/16	94 5/16	9.88	9.85
14pc '98–01		117 13/16	-3/16	120 5/16	113 5/16	11.87	10.04
9¾pc 2002		100 13/16	-13/32	103 5/16	92 13/16	9.68	9.83
9¾p 2002 C		65 13/16	-⅝	66 5/16	65	9.68	9.83
10pc 2003		102½	-1 3/16	105 13/32	94 5/16	9.75	9.83
Treas 11½pc 2001–04		109⅝xd	-13/32	112 5/16	102	10.48	9.86
Funding 3½pc '99–04		61 5/16	-13/32	63 3/16	53 3/16	5.73	8.70
Conversion 9½pc 2004		99 3/16	-1 3/16	102 3/16	90 13/16	9.58	9.81
9½pc 2004 A		99⅛	-1 3/16	102⅛	96 13/16	9.58	9.81
9½pc 2005		99¼	-1⅛	102¼	90 13/16	9.57	9.58
Treas 12½pc 2003–05		119 3/16	-1 3/16	122 13/16	111	10.50	9.72
8pc 2002–06‡‡		87¾xd	-⅞	89 13/16	79 13/16	9.12	9.57
Over Fifteen Years							
Treas 11¾pc 2003–07		113 13/16	-1 3/16	118⅞	105 13/16	10.36	9.70
8½pc 2007‡‡		92 3/16	-⅞	95	84⅝	9.22	9.46
8½pc 2007 A		92⅛	-⅞	94 13/16	91⅝	9.23	9.16
13½pc '04–08		128 13/16xd	-1 3/16	130 13/16	118 13/16	10.67	9.72
9pc 2008‡‡		96 13/16xd	-13/32	99 5/16	88 13/16	9.33	9.42
8pc 2009		87 5/16xd	-13/32	90 13/16	80	9.19	9.41
Conv 9pc Ln 2011‡‡		96⅛	-13/32	99 13/16	88 5/16	9.34	9.40
9pc 2011 B		96 13/16	-13/32	99 5/16	93 13/16	9.34	9.40
Treas. 9pc 2012		47⅝	-13/32	58¼	47⅞	9.38	9.38
Treas 5½pc 2008–12‡‡		64 13/16	-5/16	67¼	56 3/16	8.47	9.37
7¾pc 2012–15‡‡		84 3/16	-⅞	87⅛	76 13/16	9.19	9.43
Exch 12pc '13–17		123 13/32	-1 3/32	127 3/16	113 3/16	9.72	9.43
Undated							
Consols 4pc		41¼	-¼	42 3/16	37 13/16	9.74	—
War Loan 3½pc‡‡		36¾	-½	38 5/16	33⅞	9.52	—
Conv 3½pc '61 Aft		60½xd	-⅝	61 3/16	57¼	5.82	—
Treas 3pc '66 Aft		30 5/16xd	-¼	31½	28¼	9.85	—
Consols 2½pc		25 5/16xd	-¼	25 13/16	23⅝	9.71	—
Treas. 2½pc		25 5/16xd	-⅜	26½	23 13/16	9.83	—

BRITISH FUNDS - Cont.

Index – Linked	Notes (b)	Price £	+ or -	1991/92 high	1991/92 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	124¾	-1/16	124 13/16	115 3/16	2.29	3.41
2pc '96	(67.9)	181 5/16xd	-½	181 13/16	168 13/16	3.08	3.66
2½pc '01	(78.3)	146xd	-13/32	147⅝	137 5/16	3.92	4.23
2½pc '03	(78.8)	141 5/16	-13/16	142 13/16	133	4.05	4.31
2pc '06	(69.5)	141 13/16	-1	144	135	4.28	4.41
2½pc '09	(78.8)	128⅞	-1	131½	124 3/16	4.26	4.44
2½pc '11	(74.6)	132¾	-1⅛	135 5/16	128 5/16	4.28	4.43
2½pc '13	(89.2)	108⅞	-1 3/16	111 5/16	105⅞	4.27	4.43
2½pc '16	(81.6)	115 13/16	-1⅛	118 13/16	113 13/16	4.28	4.41
2½pc '20	(83.0)	110 13/16xd	-1 3/16	113 5/16	109½	4.26	4.40
2½pc '24‡‡	(97.7)	91 3/16	-1 3/16	95¼	90 13/16	4.25	4.38

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1991: 134.1 and for January 1992: 135.6.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		108¾	-1 11/16	111½	95⅞	10.78	10.05
Asian Dev 10¼pc 2009		103⅜	-1 11/16	105 13/16	91⅞	10.38	9.83
B'ham 11½pc 2012		105	-½	108½	100½	11.33	10.90
Ireland Cap 8½pc '10		92	-7¼	99¼	88½	8.88	—
9pc Cap 1998		92½	-7⅛	99¼	92½	9.17	—
13pc '97–02		107	-8½	115½	107	11.36	—
Hydro Quebec 15pc 2011		134 3/16	-1 11/16	137½	120 13/16	11.18	10.73
Int-Am Dev 12½pc 2003		118 13/16	-1¼	118 5/16	105 13/16	11.89	10.06
9¾pc 2015		98⅜	-1 13/16	101 3/16	85⅞	10.37	9.92
Leeds 13½pc 2006		117½	-¾	119½	110½	11.69	11.05
Liverpool 3½pc Irred		31	-¼	31¼	28	11.67	—
LCC 3pc '20 Aft		28	—	28	26	11.11	—
Manchester 11½pc 2007		105¼	-¾	107¼	97½	11.27	10.80
Met. Wtr. 3pc 'B'		54½	-½	55¼	52	6.77	9.87
N'wide Angla 3⅞pc 2021		105¼	-¼	106¾	102	—	5.50
4⅜pc IL 2024		105¼	-¼	107¼	104	—	5.23
Utd Mex States 16½pc 2008		124	—	126	101	13.33	12.94

APPOINTMENTS

Sloughed off

Graeme Elliot, executive vice chairman of Slough Estates, is the latest high-profile casualty of the property slump.

Slough, a company specialising in industrial property, has made him redundant on the grounds that "with the changing market place, the role of executive vice chairman did not offer a sufficient challenge for someone with Graeme's qualities".

Sir Nigel Mobbs, chairman and chief executive, stressed that Elliot was not a "scapegoat" and the timing of his departure was unconnected to the group's results in two weeks' time. Elliot, 48, and a chartered accountant, joined Slough in 1985 from RTZ.

Sir Nigel says his own role is likely to increase after Elliot's departure. Paul Orchard-Lisle, a senior partner of surveyors Healey & Baker, who has been on the board since 1980, has been appointed non-executive deputy chairman.

Derek Wilson, finance director, and Roger Carey, the director responsible for UK development, have been appointed group managing directors.

■ Morgan Stanley, which has been one of the most successful of the US investment banks at establishing a European presence in recent years, has appointed two executives jointly to run its European business. The division of the top job reflects the growing scale and complexity of the business in Europe, the bank says.

Stephen Waters, joint head of the bank's worldwide mergers and acquisitions business, moves from New York to head Morgan Stanley's European investment banking business. He becomes co-head of the 1,500-strong European business along with Steven Ward, the head of fixed income operations in London. Former head in London, Timothy Hulquist, returns to New York, where he will be in charge of foreign exchange, commodities and the bank's trust company.

■ Aad van Adrichem, group operations director of Marling Industries, the industrial textile and vehicle-body manufacturer which on Monday put out a profits warning that wiped nearly a third off the value of the shares, "has agreed" to leave the board to pursue other interests.

David Abel Smith, chief executive since the beginning of the year, claims the departure of van Adrichem and the warning of a loss for the financial year ending March 31 were wholly unconnected.

Hinting that some rather grand titles had been doled out around the company before his time, Abel Smith says that in practice Dutch-born van Adrichem, 48, who joined a Dutch arm of the company in 1985 and has since also run the Canadian operation for a while, had been the director of a single subsidiary - producing air bags. Marling said on Monday it could not tell when the air bags venture would contribute to group profits.

Abel Smith says the company will not be looking for another group operations director. "That's me."

"We're good friends. It was all very amicable," he adds.

■ Scholes, the Cheshire-based electricals company which just last Friday announced its chief executive designate had left six weeks after his arrival, said yesterday that chairman and chief executive Reg Harrington has been taken seriously ill and will not return.

The plan had been that the ebullient and extrovert Harrington, who turns 55 today, would split his role during the year, allowing the newly recruited Barrie Lawson to take over as chief executive. Harrington has been struck down in the past few days with the recurrence of an earlier illness. Exactly a year ago group managing director Chris Fitzpatrick took early retirement because of ill health.

Finance director Bill Riches, 55, who assumes Harrington's executive responsibilities for the time being, says Scholes is now looking to recruit someone to assume the role of chief executive as soon as possible – "someone with whom the chemistry works, who is adaptable and whose style of management fits in with the company's philosophy." Non-executive director Richard Morgan has been appointed non-executive chairman.

Building Hepworth

John Carter has been appointed chief executive of Hepworth, the building products group. He replaces Sinclair Thomson, 49, who has been forced to resign through illness.

Thomson joined Hepworth as chief executive in 1986, the year Roland Smith became chairman. He presided over the group's expansion into a European building products business, with nearly half its profits coming from overseas; before it had been heavily dependent on clay pipes and the UK economy. He was regarded as one of the best chief executives in the sector.

Before following Thomson to Hepworth, Carter, 46, was a colleague of his at TI Group, where his posts included marketing manager of the Glow-worm subsidiary, now part of Hepworth, and managing director of New World gas cookers.

Carter brought the plastics and clay pipe business together to form Hepworth's largest division. Building products accounted for a quarter of group turnover of £686m in 1990 and about a third of £102m operating profit. He has been a board member since 1988.

● David Shelton, formerly finance director of ARC south western region, has been appointed financial director of Hepworth Refractories.

LEGAL NOTICES

J.S. RAI & SONS (TEXTILES) LIMITED

We, Barry John Ward nd Philip James Long of Pannell Kerr Forster Chartered Accountants, New Guild House, 45 Great Charles Street, Queensway, Birmingham, B3 2LX were appointed joint administrative receivers of J.S. Rai & Sons (Textiles) Limited

Registered number: 1183305

by Barclays Bank PLC on 28 February 1992

NOTICE OF ADMINISTRATION ORDER GLADDING SECURED CONTRACTORS LTD

Registered number: 1926838. Nature of business: Secured Contracting. Trade classification: 23. Administration Order Made: 14 January 1992.

Joint Administrators: C Morris & R Powdrill, Touche Ross, PO Box 810 Friary Court, 65 Crutched Friars, London EC3N 2NP. Office Holder Numbers: 2377 & 2692

IMR LTD

Notice is hereby given that a meeting of Creditors is to be held at Room GD1, Arthur Andersen, London WC2R 2NT, at 2pm on 25 March 1992, to consider our proposals under Section 23 (1) of the Insolvency Act 1986 and to consider establishing a Committee of creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.

J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators.

COMPANY NOTICES

CANADIAN PACIFIC LIMITED

At a meeting of the Board of Directors held today, a quarterly dividend of eight cents (8c) Canadian per share on the outstanding Ordinary Shares was declared, payable on April 28, 1992, to holders of record at the close of business on March 27, 1992.

BY ORDER OF THE BOARD,
D.I. DEBGAN
VICE-PRESIDENT AND SECRETARY
CALGARY, March 9, 1992.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for Trading on 12.03.92: Pool purchase price £/MWh	Final Prices for Trading on 13.02.92: Pool purchase price £/MWh	Final Prices for Trading on 13.02.92: Pool selling price £/MWh
00:30	16.80	17.07	17.07
01:00	16.89	17.12	17.12
01:30	16.91	17.13	17.13
02:00	16.91	17.13	17.13
02:30	16.85	17.08	17.08
03:00	15.80	17.08	17.08
03:30	16.75	17.07	17.07
04:00	16.74	17.06	17.06
04:30	16.74	17.05	17.05
05:00	16.73	17.05	17.05
05:30	16.80	17.06	17.06
06:00	16.81	17.06	17.06
06:30	16.87	17.05	17.05
07:00	16.88	17.12	17.12
07:30	18.14	19.34	21.88
08:00	18.17	19.00	21.54
08:30	20.30	19.37	21.94
09:00	24.64	19.39	21.94
09:30	24.65	32.33	35.32
10:00	24.64	32.33	35.29
10:30	24.64	32.33	35.32
11:00	23.25	32.33	35.35
11:30	23.25	32.33	35.36
12:00	23.25	19.38	21.95
12:30	23.25	32.33	35.36
13:00	23.25	32.33	35.30
13:30	18.39	19.34	21.88
14:00	18.39	17.96	20.48
14:30	18.17	17.54	20.03
15:00	18.17	17.14	17.14
15:30	16.96	17.97	20.46
16:00	18.17	17.97	20.48
16:30	18.39	17.55	20.05
17:00	18.21	21.73	24.60
17:30	18.40	24.32	27.45
18:00	18.41	24.76	27.92
18:30	24.93	24.09	27.06
19:00	24.95	21.51	24.24
19:30	24.95	20.58	23.18
20:00	24.87	19.66	22.21
20:30	18.50	19.65	22.18
21:00	18.17	18.06	20.55
21:30	18.17	17.98	20.47
22:00	16.92	17.11	17.11
22:30	16.86	17.08	17.08
23:00	16.83	17.07	17.07
23:30	16.74	17.03	17.03
24:00	16.74	17.03	17.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		34½xd	—	38[illegible]	20⅞	14,850	1.9
♥Allegheny & W		312p	-9	388p	218p	182.1	5.4
Amdahl		1184p	+37	1169p	667p	1,229	0.5
Amer Cyanamid		38½	—	42⅛	25⅞	3,408	2.3
Amer Express		12⅝xd	—	17⅞	9[illegible]	6,030	4.5
Amer T & T		22[illegible]xd	+½	24½	15¼	25,307	3.3
Ameritech		35	+¼	38⅞	32½	15,324	5.5
BankAmerica		25⅝xd	+[illegible]	26[illegible]	12[illegible]	6,571	2.9
Bankers NY		33⅞xd	+[illegible]	38[illegible]	20[illegible]	2,783	8.1
Bell Atlantic		24⅝	-¼	30½	24¼	9,684	5.6
BellSouth		26½	-⅛	31¼	25	12,853	5.9
♥Bethlehem Steel		8[illegible]xd	-¼	11¼	6[illegible]	633.6	—
Bowater		1474pxd	-6	1839p	1042p	529.5	4.6
CPC		49¼xd	+⅞	54[illegible]	37[illegible]	3,722	2.5
California Engy		720p	—	930p	420p	131.1	—
Campbell Soup	h	21[illegible]	-[illegible]	25	14⅛	6,284	1.9
Chase Manhattan		13⅞xd	+¼	14[illegible]	5[illegible]	1,818	5.1
Chrysler		9[illegible]xd	+[illegible]	10⅛	5⅞	2,795	3.5
Citicorp		9¾xd	+¼	10⅞	4⅝	3,349	—
Colgate-Palm		27⅛xd	+[illegible]	27⅝	21[illegible]	3,944	2.2
Cont'l Bank		915p	+23	978p	436p	924.6	1.7
Dana		21xd	+⅛	21⅝	13⅝	883.2	4.3
Data General		654p	-21	1282p	200p	180.5	—
Dial		29xd	—	29⅛	12⅞	1,161	2.7
Dun & Brad		32¼	+1	32¼	20¼	5,844	3.7
Eaton		40⅞	-¼	41⅞	24¼	1,391	1.0
Echlin		8[illegible]xd	+[illegible]	9[illegible]	5½	555.0	4.0
FPL		19½xd	+⅛	28⅛	14[illegible]	3,305	6.9
Fluor		26¼xd	+⅛	30[illegible]	17[illegible]	1,987	0.9
Ford Motor		21[illegible]xd	+[illegible]	23¼	13	18,148	2.7
Gen Elect		45⅝xd	+[illegible]	46[illegible]	28[illegible]	39,321	2.6
♥General Host		493p	—	586p	270p	—	4.1
Gillette		28⅜xd	—	45¾	20⅞	6,284	1.2
Hasbro		22⅛	+½	24	7[illegible]	1,268	0.5
Honeywell		42[illegible]xd	+⅜	42[illegible]	21⅜	2,959	2.2
Houston Inds		24¼	+⅛	34⅛	17⅞	3,126	6.9
IBM		57¼xd	+⅝	72[illegible]	46	29,322	5.3
Ingersoll-Rand		35[illegible]xd	+[illegible]	37½	18[illegible]	1,856	2.1
Lockheed		26⅛	—	28⅛	16⅞	1,854	4.3

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+or	High	Low	Mkt Cap £m	Yld Gr's
Kenmare	5	—	25	3½	4.80	—
††Navan Res I£	23⅝	+1½	26	15	3.17	—
Northgate Expl C$ ...s	43¾	−1	89	39	5.52	—
North West Expl A$	3	—	16	2	1.01	—
Oryx Gold $	80	—	188	79	—	—
††Ovoca Gold I£	10	—	23	8	8.70	—
Plateau	9	—	44	9	4.18	—
RTZ	539	−14	685	404	5,385	4.6
Vizcaya	2	—	18	2	1.07	—
Western & Pac C$	9¼	−2⅞	152	7	5.07	—
Young Grp	47	—	133	25	7.87	14.8

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other offical estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd Uxbridge, Middx UB8 1RZ 0895 259783

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	119 7	121 1	127 4	+1.00	0 00
AIB Grofund Equity	5	171 8	173 8	183 9	-0 48	1 22
AIB Grofund Euro	5	136 6	138 4	145 7	-0 50	0 99
AIB Grofund Gilt	3	69 61	69 64	71 79	-0 66	6 94
AIB Grofund Japan	5	114 4	115 6	121 7	-2.20	0 00

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	116 7	116 7	123 8	-0 6	8.36
High Inc Equity	6	125 4	128 5	136 6	-0 4	6.22
Worldwide Bond	6	221.2	221 2	234 5	+0 5	6.07
Capital Growth						
American Growth	6	214 5	214 5	229 4	+2.5	95
Asian Pacific	6	140 1	143 1	152.2	+2 1	1 25
Assets & Earnings	6	185 0	185 0	197 8	-0 3	3 16
Capital Reserve Acc	0	113 3	113 3	113 3		7 92
Capital Reserve Inc	0	83 81	83 81	83 85	-0 01	7 92
Country & Energy	6	68 00	68 00	72 72	+0 08	1 42
1992 Enterprise	6	67 88	67 88	72 59	+0 07	2 93
Euro Capital Acc	6	91 40	91 40	97 75	+0 15	1 07
Euro Capital Inc	6	87.32	87.32	93.39	-0 13	1 07
General	6	169 2	169 2	180 9	-0 2	3 21
Japan	6	79 97	79 97	85 52	-1 75	-
Mastertrust	6	89 29	89 29	95 49	-0 28	2 49
UK Growth Acc	6	169 4	177 3	188 6	-0 4	2.41
UK Growth Dist	6	107 7	112 8	119 9	-0 2	2 45
US Emerging Cos	6	85 30	85 30	91 22	+1.34	-
Income & Growth	6	295 4	295 4	315 9	-0 9	4 43
Ethical	6	54 01	55 43	58 96	-0 04	2.88
International	6	61 88	62 76	66 76	-0.14	1.23
Dividend & Growth	6	46 56	47 71	50 75	-0 21	5 91
Global Gwth & Sec	6	53 12	53 41	56 81	-0 09	2 75

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	1098 0	1098 0	1162 0		-

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5½	31 97	31 97	33 85	+0 36	2 35
Cash	0	50 13	50 13	50 13	+0 01	9 84
European	5½	71 59	71 59	75 94	+0 02	0.30
European Income	5½	71 72	72 03	75 99	-0 06	1 61

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	122 8	122.8	131.3	+1.2	3.18
Dolphin Dividend	5½	56.97	56.97	60 93	-0 1	5 89
Dolphin Int Gth & Inc	5½	160 3	160.3	171.4	+0.2	4.57
Dolphin UK & Gen	5½	37 40	37.60	40 21	+0.17	2.10
Dolphin Fund of Funds	5½	47 95	50 15	53 63	+0.39	1 19

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	79 09	80 86	86.48	+0.34	3.00
Do (Accum)	6	84 70	86 60	92 62	+0.36	3 00
Service Cos	6	65 97	65 97	70.55	-0.17	2.26
Do (Accum)	6	70 06	70 06	74 93	-0 18	2.26
Income Growth	6	40 20	40 20	43 00	-0.29	5 71
Do (Accum)	6	57.89	57.89	61 92	-0 41	5 71
Higher Yield	6	31 63	31 63	33 83	-0 36	5 19
Do (Accum)	6	41.25	41.25	44 12	-0 47	5 19
American Gth Inc	6	41.90	42.20	45 13	+0.81	0 63
Do (Accum)	6	42 74	43 04	46 04	+0 82	0 63
European Growth	6	25 85	25 85	27 65	-0 01	1 74
Do (Accum)	6	26.57	26.57	28 42	-0 01	1 74
Global Bond Inc	6	23.53	23.58	25 22	-0 03	4 34
Do (Accum)	6	27 93	27.98	29 93	-0 04	4 34
Managed P'folio Inc	6	27 08	27 15	29 04	+0 08	0 22
(Do Accum)	6	27 08	27 15	29 04	+0 08	0.22

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	78 83	78 83	83 95	+0.16	2.48
Mngd P'folio Acc	6	146.4	146 4	155 9	+0 30	-
UK General	6	119 4	119 4	127 2	-0 20	3 99
Com & General	6	16 81	16 81	17.90	+0 08	10 63
European Inc	6	21 05	21 05	22.66	+0 01	0.50
European Acc	6	21 62	21 62	23 27		-
Financial	6	91 05	91 05	96 97	-0 30	4 87
Foundation	6	62 19	63 73	67 87	+0 10	4 13
German	6	37 11	37 11	39 76	-0 05	0 10
Growth Inc	5	23 92	23 92	25 47	-0 08	3 64
Growth Acc	5	27.22	27.22	28 92	-0.16	-
High Income	6	55 97	56 84	60 82	-0 06	7 19
Income	6	95.36	95 36	101 8	+0 10	5 33
Intl Income	6	76 31	76.31	81.27	+0.14	5 93
Intl Growth	6	29 60	29 60	31 52	+0.30	0.25
Monthly Income	6	54 74	56 71	60 40	+0 20	5.58
North American	6	89 69	90 43	96.31	+1.79	0.25
Orient	6	81 09	81.09	87 29	-1.06	-
Recovery	6	29 21	29 21	31 11	+0 11	3 80
Smaller Cos Acc	6	196 6	196 6	209.4	+1.10	-
Smaller Cos Inc	6	116 8	116 8	124 4	+0 60	1 65

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse Portman Sq, W1H 0JR 071-935 6382

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	179 9	179 9	185 3		7 07

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq. 0903 204631

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income	5	228.4	231.0	245.7	-0 6	6 67
(Accum Units)	5	370.4	374.6	398.5	-1.1	6 67
UK Growth	5	284.2	287.0	305.3	-0.6	4.51
(Accum Units)	5	343.2	346.5	368.6	-0 7	4.51
Int. Equity Gth	5	48.16	48.36	51 44	-0 14	0.98
Intl Bond	5	94.73	94.73	97.46	-0.02	7 87
Special Sits Gwth	5	14 94	15.51	16.49	-0.02	4.33
North American Gwth	5	73.23	73.56	78.25	+0.97	0.73
European Growth	6	51.94	52.13	55.45	-0.23	1.13

MW Investment Managers Ltd (0659)F
4a Court St, Haddington, E. Lothian 062 082 5867

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1102.3	1102.3	1127.6	---	4.29

Maiden Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford, 1 Rutland Ct EH3 8EY 031 222 4242

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maiden General	0	103.9	103.9	107 2	---	5.43

NFU Mutual Unit Mngrs Ltd (1400)F
Agmtr. 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Avon Equity	6	92.04	93.63	99.61	-0 96	3.62

NM Unit Trust Mngrs (1200)F
The Hilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 382730

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5½	35.67	35.67	38.04	+0.48	1.18
(Accum Units) ♥	5½	38 63	38.63	41.20	+0.52	1.18
Australian ♥	5½	208.00	208.00	229 10	+2.10	0.09
(Accum Units) ♥	5½	235 20	235.20	252.30	+2.30	0 09
Conviction	5½	55.32	55.32	59.03	-0.99	1.83
(Accum Units)	5½	58.71	58.71	62.65	-1.04	1.83
European	5½	147 70	147.70	157 50	-1.95	0.99
(Accum Units)	5½	156.90	156.90	167.30	-2.00	0 99
Extra Income	5½	61.87	61.87	66.02	-0.51	6.73
(Accum Units)	5½	88.52	88.52	94.47	-0.72	6.73
Far East Gth Acc	5½	105.30	105.30	112.30	+1.50	0 00
Gilt & F.I	5½	92.08	92.08	95.17	-0.44	8.27
(Accum Units)	5½	116.20	116.20	122.90	-1.00	8.27
Gold ♥	5½	28.46	28.46	30 60	+0.30	0.00
(Accum Units) ♥	5½	30 65	30.65	32.95	+0.33	0.00
Income	5½	43 88	43 88	46.80	-0.31	5.77
(Accum Units)	5½	125.80	125.80	134.10	-0.90	5.77
Intnl.	5½	34.49	34.49	36.77	+0.07	1.14
(Accum Units)	5½	34.95	34.95	37.47	+0.09	1.14
Jap Smaller Cos.	5½	269.50	269.50	287.40	-1.30	0.00
Sing & Malaysian	5½	104.30	104.30	111.40	+1.30	0 00
(Accum Units)	5½	108.30	108.30	116.20	+1.40	0.00
Smaller Co's	5½	22.75	22.75	24.46	+0 01	3 07
(Accum Units)	5½	25.81	25 81	27.75	---	3 07
Special Sits.	5½	26.95	26 95	28.97	-0 10	2.83
(Accum Units)	5½	30.26	30 26	32.53	-0.11	2.83
Tokyo	5½	56.95	56.95	60 74	-1.04	0 00
(Accum Units)	5½	57.53	57.53	61.36	-1.05	0.00
UK Equity	5½	138.60	138.60	147 80	-1.20	4.02
(Accum Units)	5½	250 90	250.90	267 60	-2.10	4.02
US Smaller Cos ♥	5½	72.22	72.22	77.24	+0 82	0 00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at which the unit trust's ...

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in ...

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Norwich Union Life Insurance Soc.–Contd.				
Pensionmaster* & Unit-Linked Plan*				
Mixed Fund	445.6	469.1	−2.0	–
Ordinary Share Fund	670.4	705.7	−1.4	–
International Fund	174.3	183.5	−1.9	–
Property Fund	258.9	272.5	+0.3	–
Fixed Interest Fund	392.6	413.3	−4.6	–
Index-Linked Sec Fund	191.2	201.3	−2.5	–
Deposit Fund	277.4	292.0	+0.5	–
Norwich Units Feb 14	1053.70			–
*Prices as at March 10				
Jersey Investment Plan				
With Profits Fund	122.44	128.89	+0.04	–
Intl Equity Fund	94.83	99.82	+0.06	–
Intl Bond Fund	122.02	128.45	+0.44	–

Norwich Union Pensions Management Ltd
Surrey Street, Norwich, NR1 3NG 0603 683335

	Bid Price	Offer Price	+ or −	Yield Gross
Group Pooled Pensions				
Balanced Managed Fd	320.89	326.47	+2.19	–
Growth Managed Fd	106.86	108.83	+0.09	–
Sentinel Managed Fd	105.34	106.83	+0.52	–
Prices as at March 10				

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or −	Yield Gross
Prop. Dist. (Gross)	133.8	140.8		–
Prop. Acc. (Gross)	255.0	268.4		–
Equity (Gross)	868.2	913.9	−1.6	–
Managed (Gross)	605.5	637.4	−1.5	–
Prop. Acc. (Net)	121.7	128.1	+0.1	–
Equity (Net)	201.2	211.8	−0.3	–
Managed (Net)	186.5	196.3	−0.5	–
International (Net)	169.1	178.0	−0.3	–
Gilt & Fxd Interest	132.8	139.8	−0.6	–
Money Fund	137.0	144.3	+0.1	–
Mixed Fund (Cap)	116.8	123.0		–
Mixed Fund (Acc)	120.1	126.5		–
Pearl Assurance (Unit Linked Pens) Ltd				
Pel Man (Series 1)	659.4	694.2	−2.7	–
Pel Man (Series 2)	223.7	235.5	−0.9	–
Pen Cash	191.5	201.6	+0.1	–
Pens Mixed Fd (Cap)	129.9	136.8		–
Pens Mixed Fd (Acc)	133.7	140.8		–
Pens Stlg Fd (Cap)	101.6	107.0		–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625599				
High Income ... 5	[illegible]	0.4892	0.5149	[illegible] 10.27
CMI Core Portfolio Fund				
UK ... 5	£-1.0169	1.0894	[illegible]	-
USA ... 5	£-1.0923	1.1579	[illegible]	-
Japan ... 5	£-0.5538	0.5846	[illegible]	-
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Total Income Fd ... 5	94.93	94.93xd	99.91	[illegible] 10.2
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Intl Grth ... 5½	499.0	499.0	533.1	[illegible] 0.9
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
L.J. International ... 5½	95.37	95.37	102.61	-0.05 -
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund ... 5	105.2	105.2	112.3	-0.10 7.6
Merc Intl Bond ... 5	54.19	54.19	56.94	-0.2 8.7
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Sterling High Income ... 6	£1.0264	1.0264	1.1021	[illegible] 8.17
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 06246 26484				
Scandinavia Fd ... 5	-	142.17xd	150.52	... 1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd ...	$17.37	18.78	-0.0002	-
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
[illegible]	63.0	75.0	...	0.00
[illegible]	$1.12	1.34	+0.03	0.00
[illegible]	103	103xd	+1.00	2.70
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling ...	136.3	143.2	...	4.5
DL International ...	$1.60	1.70	...	1.7
Equity & Law International Fund Mgrs Ltd				
European Equity ...	165.77	174.47	+0.34	-
Far Eastern Equity ...	$2.2671	2.3861	-0.0172	-
North Amer Equity ...	$1.7945	1.8887	-0.0089	-
UK Equity ...	164.27	172.89	+1.61	-
Global Equity ...	118.60	124.82	+0.06	-
UK Gilt & Fxd Int ...	102.08	107.43	+0.08	-
Dollar Deposit ...	$100.51		+0.01	-

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
EBC Trust Company (Jersey) Ltd						
EBC Amro Traded Currency Fund Ltd*						
Income ...			$15.39	15.862	...	4.06
Capital ...			$23.64	24.359	-0.010	5.50
*Offer price includes 3% prelim. charge						
International Income Fund						
Extended Long Term* ...			$33.07	34.3620	...	4.92
* Offer Price includes 3½ % Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Mar 5 C$12.55xd						
First Aust Prime Inc Inv Co Ltd NAV Mar 5 US$10.55xd						
NAV Diluted to reflect exercise of all Wrrts C$12.25xd US$10.31xd						
Fidelity Investment (CI) Ltd						
Sterling American ...			£2.499	2.630	+0.025	-
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Fleming Convent Fund						
European ...			£6.57	6.99	...	-
Far Eastern ...			£4.63	4.93	...	-
North American ...			£9.11	9.69	...	0.12
Sterling Bond ...			101.32	107.70	(z)	10.03
UK Growth ...			288.35	306.44	(z)	0.98
Other Fleming Funds						
Sterling Deposit ...			387.80	388.30	(z)	0.06
Global Portfolio Fd £ ...			£6.22	6.73	(z)	0.56
Global Portfolio Fd $ ...			$10.71	11.58	(z)	0.56
Deutschland Inv Co NAV ...			DM16.53		(z)	-
Robert Fleming Management (Bermuda) Ltd						
Gold ...			$10.76	11.33	(z)	-
Save & Prosper						
Fixed Interest Funds						
Japan Inc & Grth ...			Y2048	2168	(z)	4.11
Equity Funds						
Insurance Managed ...			$8.73	9.20	(z)	-
Foreign & Colonial Mngt (Jersey) Ltd						
Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash ...			$10.61		...	-
Multicurrency Cash ...			$16.27		-0.05	-
Sterling Cash ...			£11.63		+0.01	-
US$ Bonds ...			$14.58		+0.02	-
Multicurrency Bonds ...			$19.23		-0.02	-
Sterling Bonds ...			£12.85		-0.04	-
D Mark Bonds ...			DM10.42		...	-
Ecu Bonds ...			Ecu11.70		+0.01	-
UK Equities ...			£10.47		+0.11	-
US Equities ...			$16.18		+0.09	-
Japanese Equities ...			Y719		-1	-
Global Equities ...			$10.88		-0.02	-
John Govett Management (Jersey) Ltd						
[illegible] Mar 5 ...			$10.86		...	-
[illegible] Mar 6 ...			$8.67		...	-
Paragon Fd NAV Feb 28 ...			$10.38		...	-
Paragon Redemption ...			$9.99		...	-
Hungarian Inv Co Feb 28 ...			103.85		...	-

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Alliance Capital				
International ...	$14.72	15.58	-0.05	-
International Class B	$14.60	14.60	-0.04	-
Quasar ...	$22.80	24.13	+0.27	-
Quasar Class B ...	$22.59	22.59	+0.27	-
Global Small Cap ...	$11.07	11.71	-0.09	-
Global Small Cap Class B ...	$10.96	10.96	+0.08	-
Canadian Fd ...	$5.26	5.57	-0.01	-
Alliance International Currency Reserves				
US$ Reserves Mar 4-100.0000766% (2.55%pa)				
Asian Convertibles & Income Fd (Cayman)				

	Bid Price	Offer Price	+ or -	Yield Gross
Global Asset Management – Contd.				
GAM Overseas ...	$109.68		...	-
GAM Pacific ...	$566.67		...	-
GAM Pacific Basin Fd ...	$129.37		...	-
GAM Restructuring ...	$157.03		...	-
GAM Selection ...	$489.45		...	-
GAM Singapore/Malaysia	$263.89		...	-
GAM SFr Special Bond ...	SFr108.24		...	-
GAM Tyche ...	$282.92		...	-
GAM U.S. ...	$219.75		-2.78	-
GAM ut Investments ...	$492.12		...	-
GAM Value ...	95.72		...	-

	Bid Price	Offer Price	+ or -	Yield Gross
Orbis Investment Management Ltd				
Orbis Global Eqty ...	$13.05	13.71	...	-
Orbis Optimal Eqty ...	$17.11	17.98	...	-
Orbis Leveraged Eqty ...	$19.03	20.12	...	-
* Prices on Mar 5 Next Pricing Mar 12 Weekly Pricing				
Orbitex Bahamas Ltd				
Orbitex Nat Res Fd ...	C$7.5615	8.3177	...	-
Orbitex Growth Fund ...	$7.3378	8.0716	...	-
[illegible]	$5.2862	5.8148	-	-
ORIENT Growth Fd				
NAV ...		$9.26		-

	Bid Price	Offer Price	+ or -	Yield Gross
Intnl Growth Fd ...	$13.33	14.00	...	-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z) ...		$10.77	...	-
Wells Fargo B Shs (z) ...		$9.97	-0.07	-
Xiphias International Investment Fd Ltd				
Xiphias Inc USD ...		$1.0951	...	-
Xiphias Inc ECU ...		Ecu1.0761	...	-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund ...		$10.62	...	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). z Offered price includes all expenses except agent's commission. z Previous day's price. ☐ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ★ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Selling spoils dollar party

THE DOLLAR saw earlier advances eroded in furious late trading as speculative selling and central bank intervention dampened the market's earlier optimism, *writes Neil Buckley*.

Sterling, meanwhile, had a quiet day after Tuesday's UK Budget, up a touch against the D-mark, and strengthening against the dollar at the end of the day.

The dollar had approached the DM1.68 barrier, and surged against the yen to a high of Y134.35 as a range of sellers gave the Japanese currency a battering. In late afternoon, however, action by both the Swiss National Bank, which intervened to sell both dollars and D-marks, and a major south-east Asian player, sparked off dollar profit-taking.

It closed down at around DM1.6640, from a DM1.6755/65 start, and at Y133.55 from Y133.87/97.

In Tokyo, intervention by the Bank of Japan had not been able to halt the dollar's steady climb to Y133.69/74. The BoJ was reported to have sold a total of $500m dollars in five bouts of intervention between Y133 and Y133.50, but without success.

"The Bank of Japan seems to have been whistling in the wind," said Mr Peter Luxton, senior economist at Barclays. "I don't think other central banks are interested in intervening and all the indicators point to a *bearish yen*."

Mr Luxton said good February retail sales figures today - with estimates varying from a 0.4 to 0.7 per cent increase - would reinforce dollar optimism, and see it challenging the top of its range. Its next target could be Y135.

The D-mark was also stronger against the yen, reaching Y80.13/24 compared with Y79.47/58 on Tuesday, although the Swiss National Bank intervention achieved its aim by keeping it below SFr0.9100, to end little changed at SFr0.9070.

The D-mark also fell against the French franc to its lowest level since last August, but was little changed against most EMS currencies.

Sterling was unruffled by a fall in UK equities and gilts, and final confirmation of the date of the general election as April 9.

It remained close to its floor against the peseta, but firmed *slightly against the D-mark to* DM2.8716, from DM2.8697 at the opening.

Dealers said the strength of the peseta against the D-mark was putting a technical floor under the sterling/D-mark rate which was preventing some dealers from following their inclination to sell sterling short.

Attention today, however, will be focused on the first telephone opinion polls since the Budget, although some are worried that it is too early to assess its real impact.

"It may take some time for the Budget to feed through into the opinion polls. It's a slow-fire Budget as opposed to a quick-fire one," Mr Luxton said.

Sterling firmed against the dollar at the close to $1.7257, from $1.7187 on Tuesday.

£ IN NEW YORK

Mar 11	Latest	Previous Close
£ Spot	1.7250-1.7260	1.7170-1.7180
1 month	[illegible]	0.93-0.92pm
3 months	[illegible]	2.59-2.57pm
12 months	[illegible]	8.40-8.30pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar 11	Previous
[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Mar 11	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Mar 11	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Mar 11	£	$
[illegible]	[illegible]	[illegible]
Taiwan	42.95 - 43.10	25.00 - 25.10
U.A.E.	6.2525 - 6.3295	3.6715 - 3.6735

*Floating rate Iran Official rate £114.75 $67.20

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.834	−3.59	6.14	62
Belgian Franc	42.4032	42.0653	−0.80	3.15	37
Dutch Guilder	2.31643	2.30043	−0.69	3.04	32
D-Mark	2.05586	2.04495	−0.53	2.87	31
Italian Lira	1538.24	1532.34	−0.38	2.72	17
Irish Punt	0.767417	0.765854	−0.20	2.54	7
French Franc	6.89509	6.94270	0.69	1.63	−40
Danish Krone	7.84195	7.92945	1.12	1.20	−53
Sterling	0.696904	0.713128	2.33	0.00	−46

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7080 - 1.7265	1.7245 - 1.7255	0.92-0.90cpm	6.33	2.67-2.64pm	6.16
Canada	2.0455 - 2.0585	2.0570 - 2.0580	0.55-0.47cpm	2.97	1.53-1.36pm	2.81
Netherlands	3.2250 - 3.2350	3.2250 - 3.2350	¼-⅛cpm	0.70	⅝-½pm	0.62
Belgium	58.90 - 59.25	59.15 - 59.25	6-1cpm	0.71	17-12pm	0.98
Denmark	11.1215 - 11.1460	11.1300 - 11.1400	⅞-¼orepm	0.54	1¾-⅝pm	0.45
Ireland	1.0745 - 1.0790	1.0750 - 1.0760	0.02-0.01cpm	0.17	0.07-parpm	0.13
Germany	2.8675 - 2.8745	2.8675 - 2.8725	¼-⅛pfpm	0.78	½-⅜pm	0.61
Portugal	245.95 - 247.60	246.05 - 247.05	26-49cdis	−1.83	108-158dis	−2.16
Spain	180.60 - 181.10	180.60 - 180.90	30-41cdis	−2.36	75-90dis	−1.83
Italy	2148.75 - 2153.30	2151.00 - 2152.00	3-4liredis	−1.95	7-9dis	−1.49
Norway	11.2355 - 11.2615	11.2475 - 11.2575	⅝-⅛orepm	0.40	⅞-¼pm	0.18
France	9.7380 - 9.7620	9.7425 - 9.7525	½-¼cpm	0.46	⅞-⅜pm	0.26
Sweden	10.3800 - 10.4140	10.3800 - 10.3900	⅛-1⅞oredis	−1.30	2⅝-3⅝dis	−1.20
Japan	229.35 - 230.75	229.75 - 230.75	1⅛-1ypm	5.54	3¼-3⅛pm	3.54
Austria	20.16 - 20.23	20.18 - 20.21	1⅞-⅞orepm	0.82	4½-2½pm	0.69
Switzerland	2.5975 - 2.6100	2.5975 - 2.6075	½-⅜cpm	2.02	1⅝-1¼pm	2.02
Ecu	1.4015 - 1.4050	1.4015 - 1.4025	0.08-0.04cpm	0.51	0.13-0.07pm	0.29

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.00-4.95cpm . 12 Month 8.62-8.52pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7080 - 1.7265	1.7245 - 1.7255	0.92-0.90cpm	6.33	2.67-2.64pm	6.16
Ireland†	1.5905 - 1.6050	1.6020 - 1.6030	0.86-0.83cpm	6.33	2.52-2.45pm	6.20
Canada	1.1925 - 1.1975	1.1935 - 1.1945	0.32-0.35cdis	−3.37	0.98-1.05dis	−3.40
Netherlands	1.8700 - 1.8885	1.8720 - 1.8730	0.86-0.89cdis	−5.61	2.59-2.63dis	−5.58
Belgium	34.30 - 34.55	34.30 - 34.40	15.00-16.00cdis	−5.41	45.00-48.00dis	−5.41
Denmark	6.4525 - 6.5050	6.4525 - 6.4575	2.90-3.20oredis	−5.67	8.70-9.70dis	−5.70
Germany	1.6615 - 1.6790	1.6635 - 1.6645	0.77-0.78pfdis	−5.59	2.32-2.34dis	−5.60
Portugal	143.50 - 144.35	143.50 - 143.60	89-96cdis	−7.73	303-318dis	−8.65
Spain	104.70 - 105.80	104.90 - 105.00	73-76cdis	−8.52	215-222dis	−8.33
Italy	1245.50 - 1258.00	1247.00 - 1247.50	8.00-8.50liredis	−7.94	24.00-25.00dis	−7.86
Norway	6.5200 - 6.5750	6.5200 - 6.5250	3.20-3.45oredis	−6.12	9.50-10.50dis	−6.13
France	5.6425 - 5.6995	5.6475 - 5.6525	2.80-2.85cdis	−6.00	8.42-8.52dis	−6.00
Sweden	6.0175 - 6.0830	6.0175 - 6.0225	3.60-3.90oredis	−7.48	10.00-10.50dis	−6.81
Japan	133.50 - 134.35	133.50 - 133.60	0.10-0.11ydis	−0.94	0.17-01.9dis	−3.10
Austria	11.7270 - 11.8075	11.7270 - 11.7320	5.10-5.55grodis	−5.45	15.20-16.40dis	−5.39
Switzerland	1.5065 - 1.5240	1.5085 - 1.5095	0.55-0.58cdis	−4.49	1.55-1.59dis	−4.16
Ecu	1.2190 - 1.2300	1.2285 - 1.2295	0.61-0.59cpm	5.86	1.82-1.76pm	5.83

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Mar 11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10 11/16 - 10 9/16	10¾ - 10⅝
US Dollar	4 - 3⅞	4 3/16 - 4 1/16	4⅜ - 4¼	4½ - 4⅜	4⅞ - 4¾	4 13/16 - 4 11/16
Can. Dollar	7¼ - 6⅞	7¼ - 6⅞	7⅜ - 7¼	7⅜ - 7¼	7⅞ - 7⅝	8 - 7⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝
Swiss Franc	9 - 8⅞	9 - 8⅞	8⅞ - 8¾	8⅞ - 8⅝	8¾ - 8⅝	8 - 7⅞
D-Mark	9 11/16 - 9⅝	9 11/16 - 9⅝	9 11/16 - 9⅝	9 11/16 - 9⅝	9⅝ - 9½	9⅝ - 9½
French Franc	10 1/16 - 9 15/16	10 1/16 - 9 15/16	10 1/16 - 9 15/16	10 1/16 - 9 15/16	10 - 9⅞	9 15/16 - 9 13/16
Italian Lira	12 - 10	12¼ - 11¾	12¼ - 11¾	12 - 11½	12 - 11½	12 - 11½
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝
Yen	5⅝ - 5½	5 11/16 - 5 9/16	5⅜ - 5¼	4 13/16 - 4 11/16	4 13/16 - 4 11/16	4 13/16 - 4 11/16
Danish Krone	10 - 9⅝	10 - 9⅝	10 - 9⅞	10 - 9⅞	10 - 9⅞	10 - 9⅞
Asian $Sing	3 - 2⅞	3 - 2⅞	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3⅝ - 3½	3⅞ - 3¾

Long term Eurodollars: two years 6-5⅞ per cent; three years 6⅝-6½ per cent; four years 7 1/16-6 15/16 per cent; five years 7 5/16-7 3/16 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.11	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.725	2.870	230.3	9.748	2.603	3.230	2152.	2.058	59.20	1.402
$	0.580	1	1.664	133.5	5.651	1.509	1.872	1248	1.193	34.32	0.813
DM	0.348	0.601	1	80.24	3.397	0.907	1.125	749.8	0.717	20.63	0.489
YEN	4.342	7.490	12.46	1000.	42.33	11.30	14.03	9344	8.936	257.1	6.088
F Fr.	1.026	1.770	2.944	236.3	10.	2.670	3.314	2208	2.111	60.73	1.438
S Fr.	0.384	0.663	1.103	88.47	3.745	1	1.241	826.7	0.791	22.74	0.539
N Fl.	0.310	0.534	0.889	71.30	3.018	0.806	1	666.3	0.637	18.33	0.434
Lira	0.465	0.802	1.334	107.0	4.530	1.210	1.501	1000.	0.956	27.51	0.651
C$	0.486	0.838	1.395	111.9	4.737	1.265	1.569	1046	1	28.77	0.681
B Fr.	1.689	2.914	4.848	389.0	16.47	4.397	5.456	3635	3.476	100.	2.368
Ecu	0.713	1.230	2.047	164.3	6.953	1.857	2.304	1535	1.468	42.23	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	-	-	-	0.12	-	-
107	-	-	-	0.28	-	-
108	0.99	-	-	0.57	0.95	-
109	0.53	1.04	-	1.05	1.40	-
110	0.23	0.69	-	1.74	-	-
111	0.09	-	-	-	-	-
112	-	0.24	-	-	-	-
Open Int	87,366	12,115	650	70,319	5,413	650

Estimated volume 21,218 Total Open Interest 176,513

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7250	1.7159	1.6984	1.6752	1.6393

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Post-Budget blues

ALL lingering hopes of a near-term base rate cut were abandoned by the UK money market yesterday, and rates swung firmly behind a continuation of the 10½ per cent rate.

The market was uninspired by Tuesday's Budget and was worried it would not boost the Conservative party's standing in the opinion polls, making an independent rate cut look highly unlikely.

Mr Norman Lamont, the chancellor, has been careful not to rule out the possibility of breaking with convention and making a cut during the election campaign. Rumours that the Bank of Spain may be about to make its second rate cut in three weeks also brought hopes that the UK authorities would not miss their chance to follow suit this time. But few dealers hold out much hope.

"There is uncertainty about how the opinion polls will go, how the election will go, and how the government would finance its borrowing," said one. "It's a rather sad and sorry situation."

"Chances of a rate cut have gone - that is what the market is indicating."

Interbank rates from one week through to five months moved up to 10⅝-10½ per cent, representing an ⅛ per cent increase for the key three-month rate. The one-year rate firmed ¼ per cent to 10 11/16-10 9/16, making the yield curve virtually flat.

March short sterling fell to 89.44 from 89.52, while the June contract plunged to 89.60 from 89.71.

The firmer trend in the period rates was underpinned by expensive day-to-day funding, with the overnight rate going above 11 per cent in the afternoon.

The Bank of England initially forecast a shortage of around £800m. It purchased only £5m of band 1 bank bills at 10⅜ per cent in the early round, and £24m of similar bills at midday, after the shortage was revised upwards to £900m. In the afternoon, it purchased a further £240m of band 1 bank and treasury bills and £76m of band 2, with late assistance of £300m taking the daily total to £737m.

German call money rates were unchanged at 9.60/65 per cent despite the anticipated injection of DM3.1bn into the money market in this week's securities repurchase tender. They should remain firm, as March tax payments drain funds from the system.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.11) 3 months US dollars		6 months US Dollars	
bid 4¼	offer 4⅜	bid 4½	offer 4⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

[illegible]

LONDON MONEY RATES

Mar 11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.7,796 Set by VIXEN

ACROSS

1 An officer of the law makes little money (6)
4 Undisturbed, so was able to produce original work (8)
10 Dashed back with class report (7)
11 A really sheepish young female (3-4)
12 The ordinary seaman retains a right to fix propellers (4)
13 In harmony once stints are worked out (10)
15 The Frenchman earned about a thousand (6)
16 Aim to go back in a crowd to create distraction (7)
20 Finding tot in the tall grass, carried on (7)
21 Threaten people with one (6)
24 Puts out additional diets to make a change (10)
26 Allow only a little thinly sliced Edam cheese (4)
28 This might be just the thing! (7)
29 Set right with regard to the outfit (7)
30 Facing work, attitudinise about it (8)
31 Oriental holy man in debt but relaxed (6)

DOWN

1 Study a river's course (8)
2 Some crest! Some bird! (9)
3 Spirit from the Rhineland (4)
5 Reading love poetry when abroad (8)
6 Appeals to a worker with some hesitation to be more affable (10)
7 Prize-money for translating Keats (5)
8 Discuss a letter about a cricketer (6)
9 Sole type of fruit offered (5)
14 Patient collectors (10)
17 Account for testament's crumpled appearance (9)
18 Settling deposit (8)
19 The leftist holding against Gaelic is overruled (8)
22 A music man's smooth (6)
23 Both page and peer can be very decorative (5)
25 To put back – add (3,2)
27 Lie spread about a large number being unemployed (4)

Solution to Puzzle No.7,795

CHIVES THIEVING; MISDIRECT FELON; TELL TACHOMETER; RANSACK TANNED; REVISE HOTFOOT; TANTAMOUNT GAGA

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

[illegible]

CANADA

TORONTO

3:00 pm prices March 11

[illegible]

Total Sales 10,945,300 shares

MONTREAL

3:00 pm prices March 11

[illegible]

TOKYO - Most Active Stocks

Wednesday March 11 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okamoto	10.0m	1,300	-30	Japan Storage	4.5m	1,170	+20
Nippon Zeon	6.7m	680	+23	Nippon Steel	4.0m	305	-5
Mochida Pharm	6.2m	4,280	-170	Kurimoto	4.0m	1,530	-
Sagami Rail	6.1m	680	-15	Hachijuni Bank	3.7m	1,170	+10
Morinaga Milk	5.9m	736	+26	Gunma Bank	3.5m	1,100	-30

INDICES

NEW YORK

DOW JONES	Mar 10	Mar 9	Mar 6	Mar 5	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3230.99	3215.12	3221.60	3241.50	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	99.06	99.02	98.95	99.05	99.81 (6/2)	98.56 (24/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1408.07	1404.90	1413.12	1437.97	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.12	204.43	202.56	203.37	225.59 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3259.17 (3242.62) Low 3207.29 (3188.95)

STANDARD AND POOR'S	Mar 10	Mar 9	Mar 6	Mar 5	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	406.89	405.21	404.44	406.51	420.77 (15/1)	404.44 (6/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	483.94	481.82	481.54	484.10	499.27 (15/1)	481.54 (6/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.23	33.98	33.87	34.06	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	225.02	224.15	223.79	224.92	231.85 (15/1)	223.79 (6/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	408.54	407.21	407.95	410.24	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	623.46	615.82	615.95	621.97	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 6	Feb 28	Feb 21	year ago (approx.)
Dow Industrial Div. Yield	2.84	2.79	2.78	3.40

	Mar 4	Feb 26	Feb 19	year ago (approx.)
S & P Industrial div. yield	2.61	2.57	2.60	2.19
S & P Indl. P/E ratio	28.61	29.03	25.03	17.77

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
RJR Nabisco	3,662,300	10	+ 1/8
Glaxo	2,514,400	27 3/8	+ 1/8
Am T & T	2,316,900	38 1/2	+ 5/8
Philip Morris	2,225,000	76 3/8	+ 3/8
Foxmeyer	1,981,500	14 1/8	+ 1
Am Express	1,971,500	21 1/4	- 1/4
Citicorp	1,904,400	16 1/4	+ 1/4
Humana	1,417,000	24 1/2	- 1/8
Nat. Med Ent.	1,401,100	15 1/4	+ 1/8
Telefonos	1,392,800	55 1/2	- 1/4

TRADING ACTIVITY

† Volume (Millions)	Mar 10	Mar 9	Mar 6
New York SE	194.530	160.620	185.040
Amex	15.674	12.347	12.620
NASDAQ	200.558	162.118	193.071
NYSE			
Issues Traded	2,222	2,216	2,219
Rises	1,069	874	610
Falls	625	839	1,087
Unchanged	528	503	522
New Highs	45	32	31
New Lows	17	25	31

CANADA

TORONTO	Mar 10	Mar 9	Mar 6	Mar 5	1992 HIGH	1992 LOW
Metals & Minerals	3079.29	3064.28	3070.09	3093.68	3238.87 (16/1)	2935.22 (2/1)
Composite	3529.93	3518.57	3530.84	3545.55	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1851.51	1842.59	1846.08	1855.97	1937.59 (16/1)	1842.59 (9/3)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed (u) Unavailable.

	Mar 11	Mar 10	Mar 9	Mar 6	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1609.1	1605.4	1598.2	1604.7	1675.60 (15/1)	1590.90 (7/2)
All Mining (1/1/80)	705.3	701.8	697.9	701.7	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	430.72	435.79	435.54	444.57	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	1022.10	1038.49	1039.45	1062.07	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1207.06	1209.34	1201.84	1215.02	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	344.76	345.32	344.92	344.01	365.29 (15/1)	343.39 (5/3)
FINLAND						
HEX General (28/12/90)	878.3	866.9	859.1	861.3	955.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	534.00	531.23	526.26	527.26	534.00 (11/3)	475.53 (2/1)
CAC 40 (31/12/87)	1968.02	1993.88	1976.28	1966.91	1993.88 (10/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	708.23	711.52	710.55	711.73	715.44 (3/3)	643.26 (6/1)
Commerzbank (1/12/53)	2005.8	2015.7	2012.4	2016.2	2025.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1743.42	1750.54	1750.25	1745.95	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5005.96	4918.95	4848.63	4908.90	5005.96 (11/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1406.88	1417.46	1418.34	1419.21	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	514.70	512.73	512.76	514.87	551.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1013.0	1013.0	1009.0	1013.0	1066.00 (5/2)	991.00 (2/1)
JAPAN						
Nikkei (16/5/49)	20592.14	20854.59	20797.68	20992.99	23801.18 (6/1)	20592.14 (11/3)
Tokyo SE (Topix) (4/1/68)	1478.48	1494.79	1502.43	1520.45	1763.43 (6/1)	1478.48 (11/3)
2nd Section (4/1/68)	2227.93	2248.18	2262.98	2278.17	2459.65 (6/1)	2227.93 (11/3)
MALAYSIA						
KLSE Composite (4/4/86)	588.36	586.95	584.01	590.94	619.06 (20/2)	546.65 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	293.5	294.3	294.3	293.7	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	206.1	206.6	206.6	206.3	207.20 (4/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	695.05	691.01	692.93	696.23	748.03 (17/1)	667.58 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1120.03	1116.71	1106.38	1118.81	1303.30 (17/1)	1106.38 (9/3)
SINGAPORE						
SES All-Singapore (2/4/75)	389.60	386.05	384.78	388.79	416.99 (21/1)	384.78 (9/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1209.0	1189.0	1190.0	1197.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4407.0	4399.0	4370.0	4358.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	619.05	(c)	628.02	626.09	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	263.23	263.56	262.34	261.97	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	986.0	991.5	999.3	983.2	991.50 (10/3)	915.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	805.2	(u)	808.5	817.50 (4/3)	743.50 (8/1)
SBC General (1/4/87)	(u)	642.1	(u)	643.0	650.10 (3/3)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4965.48	4926.20	4923.03	4988.08	5391.63 (30/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	803.94	797.90	797.62	807.65	816.50 (17/2)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	495.7*	500.4	499.5	500.4	542.10 (7/1)	495.70 (11/3)
Euro Top-100 (26/6/90)	930.95	940.36	935.76	932.79	943.20 (3/3)	870.31 (2/1)

**Saturday March 7 Taiwan Weighted Price 4986.53 Korea Comp Ex 624.49
♦ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7 JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed (u) Unavailable

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:00 pm prices March 11

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	12¼	AAR Corp	0.48	3.2	18	146	15⅛	14¾	14⅞	-¼
26	20⅝	A L Labs A	0.16	0.7	71	144	21¾	21⅛	21½	-½
68¼	58⅛	AMP Inc	1.52	2.5	24	1202	60	59⅛	59⅝	-⅞
80¼	68⅞	AMR			28	4305	76¼	75	75¾	-1
2⅞	1⅞	ARX			2	47	2	1⅞	2	
53½	45½	ASA	2.75	5.9	13	519	48⅞	45⅝	46⅞	+⅞
68⅞	59⅝	Abbott Lab	1.20	2.0	23	3564	60	d59⅛	59¾	+⅛
13½	12¼	Abitibi Pr	0.43	3.3	27	2	13	13	13	
11⅝	10½	ACM Gvt In x	0.96	9.1		251	10½	d10⅜	10½	
10⅞	9¼	ACM GvOpp x	0.80	8.6		102	9½	9¼	9¼	-¼
9½	8⅝	ACM Gvt Sp x	0.80	9.1		634	8⅞	8¾	8¾	
11¼	10⅛	ACM Gvt Se	0.96	9.2		210	10½	10⅜	10⅜	-⅛
9⅞	8⅝	ACM Man x	0.95	10.6		228	9	8⅞	9	+⅛
12⅞	10⅞	ACM Mgd x	1.08	9.6		63	11⅜	11¼	11¼	-⅛
10⅛	7	Acme Cleve	0.40	4.1	18	49	9⅞	9⅝	9¾	
6¼	4½	Acme Elect			4	159	d5¼	5¼	5¼	-½
33¼	19½	Acuson			13	2967	21⅝	20½	21	-⅞
19⅞	18½	Adams Expr	0.48	2.5	9	95	19	18¾	18⅞	
15½	13	Adobe12Pf	2.40	16.6		13	14⅞	14¾	14¾	+⅛
5⅞	4½	Adobe Res			2	302	5⅛	5	5	
49½	40½	Ad Micro	3.00	6.9		602	43¾	43⅝	43⅝	-⅛
21½	16½	Ad Micro P	3.00	16.7	11	4629	18⅛	17⅞	18	-¼
[illegible]										

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices March 11

NASDAQ NATIONAL MARKET

3:00 pm prices March 11

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		29	2079	28	27½	27¾	-1
Xoma Corp		13	1899	24	23¼	23½	
Yellow Fr	0.94	32	1288	31	30½	30⅝	+⅛
York Rsch		36	8836	5⅞	d3⅞	4⅞	-1⅛
ZionsUtah	1.44	10	677	49¼	47½	48½	+½

FINANCIAL TIMES Thursday March 12 1992

AMERICA

Dow falters on interest rate concern

Wall Street

US equities faltered as Wall Street registered concern about the direction of interest rates, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones was 20.12 lower at 3,210.87 in moderately heavy volume. Big board declines led advances by ratio of 11 to 4.

This negative sentiment was mirrored in the broadly based Standard & Poor's 500, which dropped 3.44 to 403.45 at 12.30 pm, and there were similar declines in the secondary market, where the Nasdaq composite fell 5.38 to 618.19. On Tuesday, the Dow rose 15.87 to 3,230.99.

Both the stock market and the long-end of the bond market were depressed after President George Bush said that he was "more concerned about stimulating the economy than pushing rates down". While economic recovery is generally positive for the market, Wall Street's recent strength has come from the additional liquidity created by falling interest rates.

Weakness in overseas markets also contributed to the selling on Wall Street yesterday morning.

The most active issue was Valassis Communications which was quoted at $16¾. The initial offering of 22.1m shares was priced at $17 a share through underwriters [illegible] by Salomon Brothers, significantly below the $20 to $33 price talked about before the flotation. The company said it will have 43.3m shares outstanding after the offering, with about 49 per cent held by a unit of Consolidated Press Holdings, the company controlled by the Australian financier Mr Kerry Packer.

Shares in the Limited, the US fashion retailer, tumbled $⅞ to $27⅞ in very heavy trading. Shares in Home Shopping Network, a televised 24-hour shopping service, also saw heavy turnover yesterday morning, easing $¼ to $8⅛.

The most active blue chip issues included RJR Nabisco, up $⅛ to $10⅛, Glaxo slid $¼ to $27⅛, Philip Morris lost $½ to $76½ and American Telephone & Telegraph fell $⅛ to $38.

The oil field equipment and service sector was weak, with Schlumberger off $1 to $55¼, Halliburton down $1 to $25¾ and Dresser Industries $⅜ lower at $19⅞.

In the secondary market, United Retail Group led trading. The stock was quoted at $16¼; an initial public offering of 4.4m shares was priced at $15 a share.

Synalloy climbed $1⅜ to $18⅛ after Oppenheimer initiated coverage of the stock with a "buy" recommendation.

Agouron Pharmaceutical jumped $3¼ to $17¼ on reports that its AG-331 drug has been effective against tumours in animal tests. The company plans to make an investigational new drug filing later this year.

Among active high-tech stocks, Dell Computer lost $1⅛ to $38⅛ and Apple Computer added $¼ to $64.

Canada

TORONTO midday stocks dropped to their lowest levels since late December on growing concerns about domestic interest rates. The TSE 300 composite index fell 21.8 to 3,508.2. Declines led advances by 251 to 149 in volume of 17.65m shares valued at C$148.2m.

Maple Leaf Foods rose C$¼ to C$17¼, Rogers Communications class B eased C$¼ to C$13⅞, Renaissance Oil slipped C$¼ to C$12¾ and Saskatchewan Oil and Gas was flat at C$4.85.

SOUTH AFRICA

JOHANNESBURG rose on positive sentiment ahead of the referendum next week and a weak financial rand. The all-gold index rose 20 to 1,209 while the industrial index advanced 8 to 4,407. The all-share index added 18 to 3,578.

ASIA PACIFIC

Tokyo weak again but Hong Kong hits record high

Tokyo

THE WEAKER yen and concern about another loss compensation scandal depressed share prices yesterday, and the Nikkei average fell to its lowest level since October 1990, *writes Emiko Terazono.*

The Nikkei declined 262.45 to 20,592.14, compared with 20,221.86 on October 1, 1990. The index opened at the day's high of 20,811.30 and hit a low of 20,567.59 in the morning session. Volume rose to 250m shares from 200m on cross-trading ahead of the March fiscal year-end. Declines led advances by 745 to 222, with 155 issues unchanged. The Topix index lost 16.31 at 1,478.48, the lowest close since November 1986, and in London the ISE/Nikkei 50 index slipped 5.04 to 1,116.16.

Traders said the Nikkei did not reflect the whole market accurately. "The Nikkei is only above the 20,000 level due to the illiquid stocks held in arbitrageurs' baskets," commented Mr Peter Johnson at Baring Securities.

The 20,000 level on the Nikkei is considered to be a critical point for banks to maintain capital to asset ratios laid down by the Bank of International Settlements. However, market participants now say that this level is irrelevant since portfolios at most banks are broadly based and stock holdings resemble that of components of the more representative Topix index.

While foreigners remained neutral yesterday, domestic investors, including investment trusts and corporations, continued to liquidate holdings ahead of the March book closing. A total of 245 issues hit new lows since January last year. Domestic institutions, which need to raise funds, have continued to sell liquid stocks. Hitachi shed Y4 to Y756 and Nippon Steel Y5 to Y305.

According to think tanks at the top 12 Japanese brokers, pre-tax profits for Japanese companies excluding financial institutions are expected to decline sharply. For the year to end-March, pre-tax profits are expected to fall 15.5 per cent, while a 4.3 per cent drop is projected for next year.

Brokerage issues fell yesterday as a court ordered Daiwa Securities to pay Y49bn in a settlement over a portfolio loss dispute with Tokyu Department Store. After the close, Daiwa announced the resignation of Mr Masahiro Dozen, the company's president. Traders said the settlement could lead to further revelations of irregular trading practices by Japanese brokers. Daiwa dropped Y65 to Y775 and Nomura Securities Y90 to Y1,160.

Bio-technology issues were mixed, with short-term traders active. Okamoto, the leading prophylactic maker and the most active issue of the day, retreated Y30 to Y1,300, and Mochida Pharmaceutical weakened Y170 to Y4,260. However, Morinaga Milk advanced Y26 to Y736 on reports that the company is planning clinical tests for a new drug.

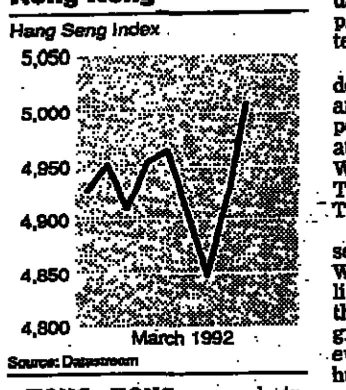
In Osaka, the OSE average declined 194 points to 22,054.60 in volume of 166m shares.

Roundup

THE PACIFIC Rim ignored Tokyo's weakness, as the Hong Kong market achieved yet another all-time high.

Hong Kong

Hang Seng Index



Source: Datastream

HONG KONG surged in heavy trading to a new record, easily rising above the 5,000 level on stronger than expected earnings by HSBC Holdings. The Hang Seng index climbed 87.01 or 1.8 per cent to 5,005.96, its seventh record high in the last two weeks. Turnover nearly doubled to HK$3.21bn from HK$1.69bn.

Banks showed the day's best gains, paced by HSBC Holdings, which moved ahead HK$1.50 to HK$44.00, with HK$445m worth of shares changing hands. Late on Tuesday HSBC announced that 1991 profits were up 83 per cent, better than most forecasts.

SEOUL was depressed by a decline in large manufacturing and financial shares. The composite index finished 8.97 down at 619.05. Volume contracted to Won218bn from Won264.8bn. The market was closed on Tuesday.

News that cash deposits with securities houses had fallen to Won1.5 trillion (million million) on Monday weighed on the market. Subsidiaries of the giant Hyundai Group, however, advanced on bargain hunting.

NEW ZEALAND was helped by a firmer New York market. The NZSE-40 index closed at 1,466.66, up 5.42, as turnover fell to NZ$13.8m (NZ$20.3m).

AUSTRALIA was also lifted by Wall Street. The All Ordinaries index improved 3.8 to 1,609.1 in turnover of A$173m, up from A$150m.

News Corp added 54 cents at A$18.24 as analysts reassessed the stock following news that its BSkyB unit was breaking even. BTR Nylex receded 4 cents to A$2.35 after reporting a 41 per cent fall in annual operating profit.

MANILA gained ground on a partial recovery in Philippine Long Distance Telephone overnight on the American Stock Exchange. The composite index put on 3.32 to 1,120.03 as turnover expanded to 34m pesos from 18m pesos.

SINGAPORE rose sharply but in thin volume. The Straits Times Industrial index ended 15.00 higher at 1,447.67 in turnover of S$81.3m, after S$68.1m.

Keppel Corp finished 25 cents ahead at S$7.70 on volume of 332,000 shares amid talk of a rights issue.

KUALA LUMPUR ended modestly higher in light trading. The composite index gained 1.41 at 588.36 in turnover of M$78.9m (M$91.5m).

TAIWAN advanced but trading remained light due to continued political uncertainty. The weighted index climbed 39.28 to 4,965.48 as turnover rose moderately to T$19.44bn.

BOMBAY fell sharply for the second day as state-owned investment institutions continued to sell shares. The BSE index closed at 3,163.68, down 152.35 or 4.6 per cent.

EUROPE

Paris runs into profit-taking as Continent falls mildly

DECLINES described as profit-taking in Paris, and consolidation in Frankfurt left bourses looking mildly, but not seriously depressed yesterday, *writes Our Markets Staff.*

PARIS dealers said that there was no evidence of heavy selling pressure. The CAC 40 index closed at 1968.02, down 25.86 or 1.3 per cent, in turnover of FFr2.3bn.

Euro Disney slipped 70 centimes to FFr163.60 and LVMH fell FFr142 or 2.9 per cent to FFr4,670 as investors locked in recent gains.

Two-way business was reported in Chargeurs and Perrier. Chargeurs rose FFr12 to FFr1,230 ahead of its 1991 results which were released after the close; a provision brought net profits well below analysts' forecasts.

Perrier, the market's potboiler, rose FFr25 or 1.6 per cent to FFr1,630 after Nestlé said it would decide within a week whether to raise its bid for the mineral water company. News that Arab Banking Corp now had a 3.5 per cent stake in Perrier added to the takeover speculation.

Saint-Gobain fell FFr8 to FFr525. Nikko's Mr Michael Woodcock said that the company told him during a visit this week that it had no evidence of a pick-up in the US economy and that it was too early to buy its shares on recovery hopes.

FRANKFURT warmed, relatively speaking, to the maintained dividend and miniscule drop in profits at Bayer, after dividend cuts and fourth quarter setbacks for BASF and Hoechst. Bayer shares, down DM3.70 to DM291.50 ahead of the news, closed only DM1.20 lower at DM294.

Other blue chips, too, were mainly a shade lower as German equity markets eased in thin to moderate trading. The DAX index lost 7.12 to 1,743.42 after a 3.29 fall to 708.23 in the FAZ at midsession. However, Deutsche Babcock, the engineer, ended DM6.90 higher at DM181.90 as its results swung back into the black. Turnover fell from DM5.9bn to DM5.3bn.

MILAN rose in technical trading as dealers covered short positions in core stocks ahead of the expiry of monthly options contracts today and the close of the March trading account on Monday. The Comit index rose 1.97 to 514.70 in turnover estimated at L90bn after L70bn.

Among industrials, Fiat rose L70 to L4,895 and the tyre and cable maker Pirelli was up L29 to L1,149. Generali led insurers higher with a L345 rebound to L30,000 on its 1991 results. Fondiaria rose L120 to L33,510.

A 20 per cent rise in 1991 net profit and a rise in the dividend also gave a boost to Ambroveneto which rose L130 or 3.4 per cent to L3,960.

Telecoms bucked the trend on foreign selling, with Sip losing L16 to L1,347 and Stet down L26 to L2,255.

Bonifiche Siele continued to lose ground, falling L1,900 to L27,100. But BNA ordinary shares lost only L1 to L5,169.

ZURICH's SPI index fell 7.7 to 1,127.8 as high money market rates drove potential buyers out of the market and triggered profit-taking by others. However, a buy recommendation helped bearers in the armaments and engineering group, Oerlikon-Bührle, which rose SFr22 to SFr402 in unusually active trading which pushed them to number two on the active stocks list.

AMSTERDAM was depressed by London and a weaker opening on Wall Street. The CBS Tendency Index eased 0.9 to 126.9 in turnover of Fl 571.4m.

The brewer Grolsch rose Fl 3 to an all-time high of Fl 207.00 after news of a 10.6 per cent rise in 1991 net profit. But the electronics group Getronics lost Fl 1.20 to Fl 33.60 after the company issued a cautious statement on the outlook for this year.

Scandinavia was mixed. STOCKHOLM ended a ten-day uptrend as the Affärsvärlden General index fell 5.5 to 986.0. Stora B fell SKr6 to SKr268 in a weak forestry sector, as the company's net profits fell 61 per cent and the chairman and his deputy resigned.

In COPENHAGEN, *writes Hilary Barnes,* the pharmaceutical group Novo Nordisk fell DKr4 to DKr530 in spite of a 22 per cent *advance in profits* while Carlsberg, the brewer, saw its B shares down DKr7 to DKr322 following the UK monopolies referral of the Carlsberg-Allied Lyons tie-up in Britain. The CSE index was off 0.55 at 344.76 in moderate turnover of DKr291m.

However, HELSINKI extended its recovery to a second day as the Hex index rose 11.4 to 878.3. OSLO closed slightly higher on Wednesday, helped by a better-than-expected 1991 result from the insurer UNI Storebrand. The all-share index rose 2.86 to 423.42 in moderate turnover of NKr212.64m, while UNI Storebrand saw its ordinary shares add NKr2.50 to NKr49.50.

ISTANBUL rose 2.5 per cent on late buying, the market index closing 93.29 higher at 3,813.45.

FT-SE Eurotrack 100 - Mar 11							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1165.72	1165.94	1164.60	1165.06	1164.74	1163.49	1162.47	1161.88
Day's High 1166.33				Day's Low 1161.56			
Mar 10	Mar 9	Mar 6	Mar 5	Mar 4			
1169.22	1165.45	1162.10	1169.56	1176.33			

Base value 1000 (26/10/90).

Roadshow for equities in Cyprus

Stockbrokers have been touring the countryside, writes **Kerin Hope**

Cypriot stockbrokers, together with chamber of commerce officials who *supervise the island's small over-*the-counter market, have been touring the countryside with what they call "an educational roadshow", ahead of the launch of an official trading floor in Nicosia.

These experimental trading sessions, interspersed with questions and answers, "generated a lot of public interest and a high volume of actual trading", says Mr Nontas Metaxas, the chamber's co-ordinator of activity on the bourse.

The chamber's ground floor offices are being converted into a trading floor due to open next month. About 40 issues will be traded by open outcry for the foreseeable future; plans for electronic trading are still at the discussion stage.

The 18 Cypriot brokers currently hold brief public trading sessions in the chamber's conference room three times a week, trading by telephone the rest of the time. Volume has steadily increased at the public meetings, averaging around C£100,000 (*$217,000) at each session this year. Last* year, share volume recorded at public meetings reached C£7m out of total trading estimated at around C£30m. This compares favourably with a total of about C£25m in 1990, of which only C£2m came from chamber sessions.

In spite of an encouraging economic climate, the Cisco all-share index, issued weekly, has climbed by only 1.6 per cent this year. After starting the year at 278.7, *it closed at 283.6 last Friday, March 6,* by which time the European index in FT-Actuaries World Index series was showing a 6.75 per cent gain.

The island's political problem – the 17 years of *de facto* partition into separate Greek and Turkish Cypriot sectors – does not often affect the bourse. But the collapse earlier this month of a US-backed initiative to reunite the Greek and Turkish Cypriot communities is being blamed for the market's hesitant mood.

Economic growth this year is forecast at 7 per cent, led by an unprecedented rise in tourist bookings which should guarantee full occupancy this summer for almost all hotels. Mr Theodore Charalambides of Popular Investment, the investment affiliate of Popular Bank, says: "It is going to be a record year for tourism. This should be reflected fairly quickly in prices of hotel and tourism investment shares." This sector accounts for some 17 per cent *of market capitalisation.*

The Cyprus market had a mixed year in 1991, with dips caused first by the Gulf war's effects on the tourist industry, then by profit-taking after a short post-war rally. Most available liquidity was soaked up over the summer by several flotations in quick succession, along with a C£16m debenture issue from the Bank of Cyprus at 8 per cent, convertible into shares after six years. However, after a late autumn *recovery, the index marked an 11 per cent* overall increase for 1991, just short of the European gain of 12.54 per cent.

Market capitalisation expanded from C£472.9m in 1990 to C£566.3m, with bank, insurance and investment companies accounting for 57 per cent of the total. Bank of Cyprus and Popular Bank, the island's two largest commercial banks, account for 47 per cent of capitalisation between them. Each now has more than 10m warrants in the market, exercisable until November 1993, which are traded enthusiastically by small investors hoping for high returns.

Although foreign interest is still very limited, there are signs that it may increase, now that the central bank is proving more willing to lift the strict exchange control regulations on a case-by-case basis in response to applications from investors abroad. Such decisions may now be issued within 24 hours, making the bourse more accessible to managers of emerging market funds.

Last year, foreign institutional investors acquired a 20 per cent stake in a C£4m closed-end mutual fund launched by the Cyprus Investment and Securities Corporation (Cisco), the investment banking arm of Bank of Cyprus.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 10 1992								MONDAY MARCH 9 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.71	+0.4	125.06	121.48	125.79	127.19	+0.4	4.34	144.15	124.04	120.24	124.84	126.66	160.31	112.74	131.86
Austria (20)	172.05	-0.2	148.69	144.43	149.56	149.04	+0.0	1.94	172.45	148.39	143.84	149.10	149.05	222.37	153.66	211.70
Belgium (46)	138.16	-0.1	119.40	115.97	120.10	117.04	+0.2	5.04	138.34	119.04	115.38	119.61	116.85	151.20	118.04	150.12
Canada (115)	132.44	+0.1	114.46	111.17	115.12	114.60	+0.3	3.24	132.36	113.89	110.39	114.43	114.29	144.28	126.49	140.66
Denmark (36)	239.48	-0.3	206.96	201.03	208.17	210.98	+0.2	1.70	240.22	206.70	200.36	207.69	210.48	273.94	217.74	262.41
Finland (15)	79.30	-0.3	68.54	66.57	68.94	75.58	-0.5	2.24	79.57	68.46	66.37	68.79	75.96	125.15	73.32	120.86
France (108)	154.43	+0.2	133.47	129.63	134.23	137.54	+0.7	3.23	154.13	132.63	128.55	133.25	136.60	156.43	119.11	147.57
Germany (65)	118.61	-0.3	102.50	99.58	103.10	103.10	+0.2	2.21	119.00	102.40	99.27	102.89	102.89	125.35	94.15	118.86
Hong Kong (55)	204.40	+1.5	176.65	171.58	177.68	203.45	+1.5	3.79	201.30	173.22	167.90	174.05	200.35	205.86	119.62	148.00
Ireland (18)	159.72	-0.2	138.03	134.07	138.83	141.05	+0.4	3.62	160.00	137.67	133.45	138.33	140.55	182.46	132.88	160.39
Italy (77)	71.02	-0.3	61.38	59.62	61.74	66.45	+0.2	3.49	71.20	61.27	59.39	61.56	66.30	88.23	64.78	84.68
Japan (473)	110.72	-1.1	95.69	92.94	96.26	92.94	-0.4	0.92	111.92	96.30	93.35	96.77	93.35	146.97	110.72	141.61
Malaysia (68)	239.11	+0.4	206.64	200.71	207.84	235.65	+0.4	2.60	238.20	204.96	198.67	205.94	234.67	250.18	189.18	244.11
Mexico (18)	1683.35	-0.1	1454.61	1413.09	1463.29	5633.74	-0.1	1.00	1685.50	1450.32	1405.84	1457.27	5640.00	1789.77	534.45	682.72
Netherland (31)	149.61	-0.4	129.29	125.59	130.05	128.40	+0.1	4.29	150.24	129.27	125.31	129.90	128.29	156.46	125.70	142.80
New Zealand (14)	45.44	+1.4	39.27	38.15	39.50	43.98	+1.2	6.25	44.82	38.56	37.38	38.75	43.45	54.64	41.18	46.95
Norway (24)	163.50	-2.1	141.30	137.25	142.13	145.25	-1.6	1.74	166.99	143.69	139.28	144.38	147.61	223.24	157.06	215.61
Singapore (38)	202.95	+0.7	175.39	170.37	176.41	155.58	+0.7	2.18	201.60	173.47	168.15	174.30	154.50	228.43	151.63	201.88
South Africa (61)	217.11	+1.3	187.63	182.25	188.72	178.08	+0.6	2.83	214.26	184.36	178.70	185.24	177.08	271.99	173.00	206.05
Spain (52)	154.69	-0.2	133.69	129.88	134.46	123.57	+0.4	4.82	154.94	133.32	129.23	133.95	123.13	171.12	131.51	170.74
Sweden (25)	181.80	-0.4	157.12	152.61	158.04	182.89	-0.1	2.78	182.51	157.05	152.23	157.80	162.99	204.12	146.80	199.33
Switzerland (59)	97.37	-0.5	84.15	81.74	84.65	91.60	+0.2	2.18	97.86	84.21	81.63	84.62	91.46	104.22	82.17	97.20
United Kingdom (233)	176.49	+0.5	152.53	148.14	153.41	152.53	+1.0	4.88	175.55	151.05	146.40	151.76	151.05	187.44	156.27	184.28
USA (523)	166.32	+0.5	143.74	139.62	144.58	166.32	+0.5	2.94	165.52	142.42	138.06	143.11	165.52	171.66	125.95	149.81
Europe (809)	143.93	+0.1	124.39	120.82	125.12	125.44	+0.6	3.86	143.79	123.72	119.93	124.32	124.72	151.52	125.50	148.86
Nordic (100)	173.34	-0.5	149.81	145.51	150.68	148.61	-0.1	2.17	174.28	149.96	145.36	150.68	148.77	200.81	155.55	195.94
Pacific Basin (717)	114.91	-0.8	99.31	96.47	99.89	97.09	-0.3	1.28	115.88	99.71	96.65	100.19	97.35	145.92	114.91	141.32
Euro – Pacific (1526)	126.77	-0.4	109.55	106.41	110.19	109.02	+0.1	2.45	127.29	109.53	106.16	110.05	108.89	147.66	121.29	144.76
North America (638)	164.17	+0.5	141.88	137.83	142.73	162.80	+0.5	2.96	163.41	140.61	136.31	141.31	162.03	169.69	125.91	149.16
Europe Ex. UK (576)	124.02	-0.2	107.18	104.13	107.83	109.63	+0.3	3.13	124.29	106.95	103.69	107.48	109.31	129.80	103.58	127.32
Pacific Ex. Japan (244)	156.32	+0.9	135.10	131.25	135.90	139.53	+0.9	3.85	154.97	133.35	129.26	134.00	138.30	158.16	111.40	134.71
World Ex. US (1720)	128.95	-0.4	111.45	108.26	112.10	111.26	+0.1	2.47	129.42	111.36	107.95	111.90	111.13	148.16	122.32	145.54
World Ex. UK (2010)	137.17	-0.1	118.55	115.16	119.25	125.78	+0.2	2.39	137.30	118.14	114.52	118.72	125.55	150.58	120.06	142.11
World Ex. So. Af. (2182)	140.11	+0.0	121.09	117.63	121.81	127.84	+0.3	2.66	140.17	120.61	116.92	121.20	127.50	153.06	122.92	145.48
World Ex. Japan (1770)	157.65	+0.4	136.25	132.36	137.07	148.55	+0.5	3.30	157.08	135.16	131.03	135.83	147.77	161.90	126.69	149.39
The World Index (2243)	140.59	+0.0	121.50	118.02	122.22	128.29	+0.3	2.66	140.62	121.00	117.29	121.89	127.95	153.70	123.28	145.65

Latest prices were unavailable for this edition.